DOCUMENT RESUME

ED 275 876 CE 045 476

AUTHOR Cook, Robert F.; And Others
TITLE State Level Implementation of the Job Training Partnership Act.
INSTITUTION Westat Research, Inc., Rockville, Md.
SPONS AGENCY Employment and Training Administration (DOL), Washington, D.C.
PUB DATE 16 May 84
CONTRACT 99-3-0584-75-104-01
NOTE 190p.; For related documents, see CE 045 477-479.
PUB TYPE Reports - Evaluative/Feasibility (142)

EDRS PRICE MF01/PC08 Plus Postage.
DESCRIPTORS Dislocated Workers; Economically Disadvantaged; *Employment Programs; Federal Legislation; *Federal Programs; *Job Training; *Program Implementation; State Programs; *Statewide Planning; *Youth Programs
IDENTIFIERS Community Based Organizations; *Job Training Partnership Act 1982; Service Delivery Areas

ABSTRACT

This report concentrates on the overall state organization of the Job Training Partnership Act (JTPA) and on the implementation of Title IIA and III in the states as well as related implementation issues. The study is introduced in Chapter 1. Chapter 2 discusses the overall state organization of JTPA, addressing both formal and informal organization and differences in the state-level organization of Titles IIA and III. It also addresses the role of key actors at the state level and early implementation decisions. Chapter 3 considers the implementation of Title IIA. Specific topics discussed in detail include the designation of service delivery areas, eligibility and target groups, performance standards, use of the set-asides, and other implementation issues. Chapter 4 addresses the implementation of Title III in the states. Highlighted topics are within-state allocation mechanisms, target populations, service mix and program operations, the buildup of Title III activities, and other implementation issues. Chapter 5 discusses the implementation of the Wagner-Peyser Amendments, the effects of the liability issue, and the likely role of community-based organizations in JTPA. An appendix contains a copy of the report form used for this study. Several tables are included. (YLB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED275876

Contract No. 99-3-0584-75-104-01

STATE LEVEL IMPLEMENTATION OF THE JOB TRAINING PARTNERSHIP ACT

Robert F. Cook
V. Lane Rawlins
Cilla J. Reesman
Kalman Rupp
Wayne M. Turnage
and
Associates

Prepared For:

Office of Research and Evaluation
Employment and Training Administration
U.S. Department of Labor

Prepared By:

Westat, Inc.
1650 Research Blvd.
Rockville, MD 20850

May 16, 1984

CE045476

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☑ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

This report was prepared under contract No. 99-3-0584-75-104-01 with the Office of Research and Evaluation of the Employment and Training Administration, U.S. Department of Labor. Organizations undertaking such projects under government sponsorship are encouraged to state their findings and express their judgments freely. Therefore, points of view or opinions stated do not necessarily represent the official position of the Department of Labor.

FIELD ASSOCIATES

Associate	State
Professor John S. Hall Arizona State University	Arizona
Professor John J. Kirlin University of Southern California	California
Professor Mark J. Morlock California State University, Chico	
Professor Peter Barth University of Connecticut	Connecticut
Professor Peter L. Halvorson University of Connecticut	
Professor Paul J. Andrisani Temple University	Delaware
Professors Gretchen Maclachlan and Bruce Maclachlan Clark College	Georgia
Professor Charles J. Orlebeke University of Illinois at Chicago	Illinois
Professor Charles E. Krider University of Kansas	Kansas
Professor Phillip Roeder University of Kentucky	Kentucky
Professor Kenneth Palmer University of Maine	Maine
Professor Alex Pattakos University of Maine	
H. Allan Hunt W.E. Upjohn Institute for Employment Research	Michigan
Professor George D. Wendel St. Louis University	Missouri
Professor Allan E. Tomey St. Louis University	

Associate	State
Mr. David Snedeker Snedeker Scientific	Montana
Professor Sarah Liebschutz State University of New York at Brockport	New York
Professor Lawrence A. Wohl Gustavus Adolphus College	North Dakota
Professor Steve B. Steib University of Tulsa	Oklahoma
Professor R. Lynne Rittenoure University of Tulsa	
Professor Frank P. Corcione University of Scranton	Pennsylvania
Professor Lewis H. Smith University of Mississippi	Tennessee
Professor Susan A. MacManus University of Houston	Texas
Professor David R. Knowles Seattle University	Washington
Mr. Andrew Cohn Public-Private Research Associates	Wisconsin

TABLE OF CONTENTS

Chapter		Page
	EXECUTIVE SUMMARY.	i
1	STATE-LEVEL IMPLEMENTATION OF THE JOB TRAINING PARTNERSHIP ACT	1-1
	1.1 The Study	1-1
	1.2 Background of the Study	1-1
	1.3 Study Method.	1-10
	1.4 Organization of the Report.	1-22
2	STATE-LEVEL IMPLEMENTATION OF JTPA	2-1
	2.1 Overview.	2-1
	2.2 Role of the Governor.	2-2
	2.3 State Level Organization.	2-4
	2.4 Role of the State Council	2-11
	2.5 Role of the Private Sector.	2-15
	2.6 Summary	2-18
3	TITLE IIA IMPLEMENTATION	3-1
	3.1 The Nature of Title IIA	3-1
	3.2 Designation of SDAs, Administrative Entities and Grant Recipients	3-6
	3.3 State Title IIA Eligibility and Targeting	3-22
	3.4 Performance Standards	3-27
	3.5 Use of Set-Asides	3-33
	3.6 JTPA-Related Changes in State and Local Laws and Regulations.	3-43
4	JTPA TITLE III DISLOCATED WORKER PROGRAMS. .	4-1
	4.1 Introduction.	4-1
	4.2 Organization of Title III on a Project Basis	4-7
	4.3 Target Population	4-17
	4.4 Sources of Title III Matching Funds . .	4-24
	4.5 Title III Buildup	4-29
	4.6 Range of Title III Services	4-33

TABLE OF CONTENTS (Continued)

Chapter		Page
5	OTHER IMPLEMENTATION ISSUES	5-1
	5.1 A Preliminary View of State-Level Changes in the Employment Service . . .	5-1
	5.2 Financial Liability	5-5
	5.3 The Role of Community-Based Organizations in JTPA	5-8
	5.4 Implementation Problems	5-11
APPENDIX		
	PHASE I REPORT FORM	

List of Tables

Table		
1	Ranking of States by TY84 JTPA Title IIA, IIB and III Allotments to States	1-14
2	Westat JTPA Process Evaluation State Sample	1-15
3	Westat and other study sites by size and region	1-21
4	Funding sources of Title III	4-4
5	Organization and operational status of Title III funding commitments in twenty States, mid-January 1984	4-8
6	Sources of Fiscal Year 1983 and Transition Year 1984 Title III matching funds designated by the States	4-26

EXECUTIVE SUMMARY

The Study

This phase of the research covers a State-level observation of the implementation of the Job Training Partnership Act (JTPA) in a randomly selected sample of twenty States during December 1983 and January 1984.[1] These States were selected to be representative by size (as measured by Transition Year 1984 allocations) and by region of the country. The emphasis in this report is on State-level organization of Title IIA, and on Title III organization and programming.

State-Level Organization

- An objective of State officials in all of the States in the sample is to make JTPA different from CETA. Two aspects of this change are almost universal. First, the role of State government is to be expanded. Second, the private sector is to have a greater influence in planning and program activities.

The Governors of three-fourths of the twenty States took a lead role in the implementation of JTPA. A larger State role and attempts to "integrate" JTPA into the State government often means a focus on economic development - a traditional State role.

---

[1]The States in the sample are: Arizona, California, Connecticut, Delaware, Georgia, Illinois, Kansas, Kentucky, Maine, Michigan, Missouri, Montana, New York, North Dakota, Oklahoma, Pennsylvania, Tennessee, Texas, Washington, Wisconsin.

State-level JTPA administrative structures fall into three patterns:

- State JTPA administration is centralized in a single agency different from that connected with CETA (7 States).
- An agency oriented toward economic development, typically a new one, works directly with the Governor and the SJTCC, sets policy, designates SDAs, reviews SDA plans, certifies PICs, and administers Title III and Title IIA set-aside funds. A more traditional agency, such as the State Department of Labor, handles the basic contracts with SDAs for Title IIA (6 States).
- The former CETA administrative agency retains administrative responsibility (7 States).

• Most States tried to bypass the CETA prime sponsor system. SDA configurations often were proposed along State planning and economic development district lines. Most metropolitan prime sponsors successfully resisted major reconfigurations proposed by Governors or SJTCCs.

• Many Governors have successfully recruited top executives in major corporations to chair the State councils.

• The private-sector members of the State council appear to be active or learning the complexities of controlling and operating an employment and training program.

• Private-sector involvement in the PICs and the SDA level programming appears to be greater than under Title VII of CETA.

Title IIA Issues

- The twenty sample States contain 323 Service Delivery Areas. This compares to 252 prime sponsors under CETA, or an increase of 28 percent.

- Although somewhat less than 40 percent of SDAs are intact Prime Sponsors, more than half (52 percent) of all prime sponsors in the twenty States (aside from State-run units) survived intact, partly because the total number of SDAs is larger than the number of prime sponsors and partly for other reasons.

- Large powerful prime sponsors have become large powerful SDAs, but not all are identical to their old prime sponsor boundaries.

- The vast majority (81 percent) of SDAs in sample States named the same organization as both grant recipient and the administrative entity. Units of local government took both roles in 50 percent of the SDAs, while the PIC or the Consortium took both in only 15 percent of the cases.

- Ten States adjusted the SDAs spending targets for youth, but only three of these did so through a straightforward application of the proportional representation formula suggested in the act.

- Five State Councils acted to require proportional service by SDAs to significant segments of the eligible population.

- Virtually the only discussion at the State level of the "10 percent window" of eligibility for nondisadvantaged participants is concerned with potential disallowed costs relating to eligibility.

- Most States adopted the Secretary's recommended performance standards methodology without any adjustments.

- Six of the twenty sample States made adjustments to the Secretary's model. These adjustments fall into three broad categories: a) changing specific parameters; b) a waiver granted to a given SDA; c) reduction of inter-SDA variation in performance standards. The most frequent adjustment cited (four of the sample States) was a downward adjustment of the "average wage at placement" standard.

- In almost all of the sample States, no consideration was given to additional performance standards for the Transition Year. However, several sample States contemplate or plan to introduce additional performance standards for PY84.

- State allocations from the vocational education set-asides are just beginning to reach the organizations which will use them. The most common method of allocation was formula-funding to SDAs, LEAs, community college or vocational-technical school districts.

- In thirteen of the twenty sample States the older worker set-aside funds are allocated through mechanisms other than formula-funding to SDAs. In most States the three percent set-aside funds are used for distinct older worker projects. This conclusion often holds even in the minority of States that formula-fund three percent set-aside monies to the SDAs.

• Some form of technical assistance was reported as a goal, in some cases the exclusive goal, of the use of incentive set-aside funds. A quarter of the sample States plan to use six percent set-aside funds for targeting toward the needs of hard-to-serve groups.

• There has been relatively little legislative activity related to JTPA, other than administrative enabling legislation.

Title III Programming

• As of mid-January 1984, the build-up of Title III activity had been SLOW. The following are reasons that appear to be related to this slow build-up.

- TY84 funding (38 percent of the total) was not available to the States until mid-November 1983.
- Six of the twenty States indicated that staffing problems, conflicts over the control of JTPA, and early attention to Titles I and IIA decisions pushed back their timetable for focusing on Title III.
- The reluctance of some States to allocate Title III funds until PIC certifications and SDA designations were complete.
- Thirteen of the twenty States chose to allocate Title III funds on a RFP/project basis -- a process that has its own built-in lags.
- Four of the seven States operating on a Statewide basis cited problems in setting up a new program. Further, the decision to hold the money at the State level heightened the struggle for control over Title III funds.

- In addition, the use of in-kind match for Federal formula dollars limited the number of participants that could be placed in slots. Several States noted the lack of time for planning a new program that is very flexible.

• Of the $87,255,000 Emergency Jobs Bill and Title III formula funds available to the twenty States in the FY83 and TY84 allocations:

- 4.8 percent was allocated by formula to "high impact areas" or, in one case, to the SDAs.
- 19.2 percent is committed to projects which had not yet enrolled participants as of mid-January.
- 36.8 percent is committed to projects which had begun to enroll participants.
- 0.1 percent is explicitly reserved for contingencies.
- 39.2 percent had not yet been committed.

• Although the pace of commitment of Title III funds picked up in December and January, many projects had yet to enroll participants.

• In most of the twenty States, Title III funds are managed at the State level. Only three of the twenty States allowed SDAs to have a major say in how these funds are used.

• Primary allocation arrangements for Title III funds are as follows:

- Specific geographic areas are targeted. Funds are then allocated on a project or RFP basis (seven States).

- Funds are allocated to an agency (often the Employment Service or community colleges) to operate a Statewide program (six States).

- Projects are selected through a competitive request for proposals (RFP) process. The competition is Statewide but the projects need not operate Statewide or cover the entire geography of the State (six States).

- Funds are channeled to SDAs or counties in certain targeted areas by use of a formula (two States).

- Agencies or organizations are selected through a RFP process to operate a Statewide program (one State).

• Most States simply reiterated the targeting provisions in the law.

• In most cases where a RFP process is used, project selection implicitly determines the composition of the particp-ants served. Target groups vary substantially with the project proposals.

• Nineteen of the twenty States in the sample were subject to matching requirements for Title III funds. In only two States were supplementary funds appropriated as the match.

• The twenty States had committed funds for 144 identifiable projects as of mid-January 1984.

• Most frequently mentioned services were OJT, classroom training and job search. Counseling was often mentioned to provide job search skills and lower wage expectations.

Other Implementation Issues

• At the time of this observation, some changes had taken place in the Employment Service at the State level. However, the changes were not as great as may ultimately occur because other events captured the attention of State officials. Further, it is almost impossible to disentangle the effects of the Wagner-Peyser amendments from the reductions in funding for the Employment Service and from the effects of the implementation of the JTPA program.

• The issue of who is liable for potential disallowed costs and the effects that this has on program arrangements had not died away, nor will it soon do so. In one-fourth of the States this had not been an issue because of past experience and presumed adequate administrative and contracting procedures. Another one-fourth of the States assumed liability by operating as a single SDA State, operating the program through the ES or using the ES for intake and eligibility verification. In the other half of the States, liability was passed down to SDAs and subgrantees.

• A final issue examined in this round was significant implementation problems that occurred or were likely to occur in the States. The list of problems raised is as follows:

- Six States felt that the major problem was to resolve the relative roles of the players in JTPA, particularly the role of the State relative to the SDAs, and also the relationship between the Councils and the administrative agency at both the State and SDA levels.

- Some concern was expressed about the ability to treat hard-to-serve groups, such as out-of-school youths and the handicapped. A full examination of this will require SDA-level observation.

- One-fourth of the States saw lack of State or DOL guidance and information as a continuing implementation problem. Included in this were differences between planning figures and actual allocations, lack of information on such issues as acceptable sources of Title III match, and the short time for planning in the absence of any program information.

- Finally, one-fifth of the States were having or will have difficulty with management information systems that are new or inadequate.

1. Early State Implementation of the Job Training Partnership Act

1.1 The Study

This volume reports the results of a field observation on how twenty States implemented the Job Training Partnership Act (JTPA) during December 1983 and January 1984. The States in the sample were randomly selected to be representative by size of JTPA allocations for the budget year in which the observation was made and by region of the country.

The emphasis in this report is on State-level organization of JTPA and Title I, IIA, and III programming. Future reports will cover early implementation efforts in Service Delivery Areas (SDAs) (June 1984), Transition Year 1984 programs at the State and SDA levels (December 1984), and State and SDA programs for Program Year (PY) 1984 (November 1985).

1.2 Background of the Study

This report is the first to be issued on the results of a two-year study of the process by which States and SDAs implemented Titles I, IIA, and III of JTPA. The JTPA legislation envisioned certain structural changes in the employment and training system in the U.S. which are expected to produce a series of desirable outcomes. The purpose of a process study is to assess whether and how the envisioned changes are taking place in the organization, administration and operation of the program.

A process study has two uses. First, if changes called for by the act are not taking place, policymakers can see what implementation problems are causing the problem and will have information needed to make adjustments and improvements. Second, by describing and assessing the variety of ways that different States and SDAs are implementing the act, the study can help officials in charge of implementation compare their approach with others.

1.2.1 Key JTPA Elements

Passage of JTPA marked a major shift in national employment and training policy and philosophy. The new legislation provides State governments with substantially increased authority and responsibility while narrowing the role of the Federal government; emphasizes the need for an active partnership with the private sector; places the primary focus of JTPA activities on the training function; encourages closer coordination between employment and training service deliverers; and incorporates a major program of services for dislocated workers.

More State Control -- JTPA transfers program management from the Federal level to the States, and seeks to provide maximum flexibility to State and local officials in designing and operating programs with their private-sector partners. Primary responsibility for administering job training grants is also delegated to States and Service Delivery Areas. The Governors have much of the administrative authority that formerly was vested in the Federal government. JTPA assures that States have a major

role in planning training programs by delegating to Governors the authority to:

- Establish the State Job Training Coordinating Council (SJTCC);
- Designate Service Delivery Areas (SDAs), approve locally developed plans, and distribute grant funds to localities based on formulas established in the act;
- Monitor local program performance, prescribe variations in performance standards based on special conditions in the State, and award incentive bonuses for exceeding goals (or take action, including sanctions, when performance fails to meet standards or remains poor); and
- Establish and administer a new statewide dislocated worker program, a discretionary older worker program, a coordination and special services program, and a State labor market information system.

Changed Federal Role -- The Federal role now is more narrowly defined in the administration of State grants. This role emphasizes oversight (financial, performance monitoring, and evaluation) rather than program management. For example, in carrying out its oversight role during the initial stages of JTPA, the Department of Labor focused on the Governors' discharge of responsibilities for monitoring local implementation of job training systems and plans. JTPA does call for a Federal role in establishing new program performance standards that are tied to overall JTPA goals and objectives.

Private Sector Partnership -- Recognizing the essential role of the private sector in assuring that training programs are responsive to the needs of business and industry for a well-trained labor force, JTPA requires that each SDA establish an

ongoing partnership with the private sector through a Private Industry Council (PIC). Unlike CETA, where PICs primarily had an advisory role, under JTPA PICs and local elected officials, in joint agreements, decide their respective policy and oversight roles. Together, they also decide who will develop the SDAs' training plan, and select the JTPA grant recipient and local administrative entity (either or neither of which may be the PIC or local government). The training plans must be jointly approved by the PIC and local government and jointly submitted to the Governor for approval.

Focus on Training -- The primary focus of JTPA is on training. Major emphasis is put on training of the economically disadvantaged, particularly youths, welfare recipients, and school dropouts. In principle, JTPA is intended to increase participants' skills and competencies so that they may achieve economic independence, rather than to provide transfer income or subsidized employment. The law restricts payment of wages, stipends, and allowances to participants and eliminates public service employment as an allowable activity. Also, to assure that a maximum amount of funds is available for training, the law sharply limits amounts that can be spent on JTPA administration and participant support services.

Closer Coordination Between Employment and Training Service Deliverers -- JTPA emphasizes closer coordination between job training, employment services, vocational education, and related State and locally administered services tailored to the States' perceptions of the specific needs of their populations.

A New Dislocated Workers' Program -- Reflecting Congress's belief that the U.S. economy is undergoing basic structural changes that can cause mass layoffs and permanent job losses, Title III

III of JTPA establishes a comprehensive program to meet the needs of dislocated workers.

At least 75 percent of the money available under Title III is allotted by formula for State-administered programs. The remaining 25 percent is used at the Secretary's discretion. The programs may provide job search assistance, retraining, prelayoff assistance, and relocation assistance. State programs for dislocated workers that are operated in local SDAs must be reviewed by the PIC and local government before implementation.

To qualify for Title III assistance, States must meet a 50-50 matching requirement using non-Federal funds. The match, which may be in kind or cash, is reduced by 10 percent for each percentage point the State's average unemployment exceeds the national average.

In summary, within the framework of conditions and standards established by JTPA, State, local, and PIC officials are being given maximum latitude in planning and structuring the new job training partnership. To prepare for the significant changes, JTPA provided for a year of transition before the new programs began operating in October 1983.

1.2.2 Provisions of Titles I, IIA, and III

Titles I and IIA

Reflecting stress on decentralization and private-sector involvement, Title I of the act establishes the organizational and institutional structure for the delivery of job

training services. Title IIA provides for an open-ended authorization for the basic JTPA program for economically disadvantaged youths and adults.

Title I outlines flexible rules for the design of the service delivery system. The establishment of the Service Delivery Areas (SDAs), the sub-State level of the JTPA system, is envisioned as an outcome of an interactive process between the Governor, local government, and business organizations rather than a structure imposed by the Federal government on the States. After receiving the proposals of the State Job Training Coordinating Council, the Governor is to publish proposed Service Delivery Areas for the State. The Governor is to grant requests to be a Service Delivery Area from units of general local government with a population of 200,000 or more, consortia of contiguous units of local government serving a substantial portion of a labor market, and concentrated employment programs that operated in rural areas under CETA. After reviewing comments from local government and business organizations, the Governor makes the final designation of SDAs.

Title I also creates a framework for the establishment of Private Industry Councils (PICs). The PIC will provide policy guidance for, and exercise oversight with respect to, activities under the job training plan for the Service Delivery Area in partnership with local government. The PIC, based on agreements with the local elected officials, determines the procedures for the development of the service plan. Representatives of the private sector are to be a majority in the membership of the PIC. The Governor has approval authority over locally developed plans, but the Governor's disapproval of any job training plan may be appealed to the Secretary of Labor.

Title I also creates a State Job Training Coordinating Council whose members are to be appointed by the Governor. The plans and decisions of the State council are subject to approval by the Governor. Its primary function in the start-up period is to make recommendations concerning the State services plan and designation of the Service Delivery Areas (SDAs).

Title I incorporates provisions concerning the selection of service providers and limitations on certain costs. At least 70 percent of the funds available to a Service Delivery Area must be spent on training, with not more than 15 percent to be spent on administration. Title I also includes provisions on other State responsibilities and administrative requirements: training programs for older individuals, State labor market information programs, various aspects of the allocation of funds, labor standards, monitoring, and recordkeeping.

Title IIA of JTPA authorizes a wide range of activities to prepare economically disadvantaged youths and adults for unsubsidized employment. An important feature of JTPA is the wide discretion given to the local service delivery agents to target the program. The national eligibility rules are relatively broad. Economically disadvantaged status is the only general eligibility requirement, and even this is modified by a provision allowing for the participation in any SDA of up to 10 percent of individuals not economically disadvantaged. Title IIA also specifies within-State allocation criteria among SDAs (based on criteria related to unemployment and economically disadvantaged status). The law specifies the proportion of the total grant set aside for the State to allocate for various special purposes such as State education programs, older worker programs, and performance incentives. Title IIA also specifies that the job training plan may include provisions for exemplary youth programs.

JTPA Title III

Title III authorizes programs for dislocated workers -- that is, laid-off workers in shrinking industries, terminated workers in plants that have closed, or long-term unemployed persons in need of retraining. Both the targeting and the funding arrangements for Title III place great reliance upon the Governors, who have a wide range of options for design, organization, and administration under Title III.

Title III authorizes two types of funds. At least 75 percent of the Title III money is allocated among the States on the basis of a formula with three parts: (1) relative number of unemployed, (2) relative number of unemployed in excess of 4.5 percent of the civilian labor force, and (3) relative number of long-term unemployed. The rest of the money is reserved for use by the Secretary for discretionary funding.

The Governors may receive Title III formula funds under a simple application procedure which commits the State to operate a Title III program, to provide nonfederal matching funds, and to establish procedures for compliance with the other provisions of Title III. If the State's average unemployment rate is higher than the national average, the 50 percent nonfederal matching requirement is reduced by 10 percent for each percentage point of difference beteween the State and national rates. Grants to States from the discretionary funds need not be matched, but must be applied for under a separate procedure.

The targeting of Title III funded activities on dislocated workers allows the Governors considerable latitude. They can set eligibility rules for participants, and need not run Title III programs in all geographic areas of the State.

There are three explicit limitations upon this discretion. First, Title III programs, other than those which are State- or industry-wide, must be submitted for review and recommendations by the PICs and elected officials of any SDA in which they will operate (Sec. 305). If a locality disapproves of a program, but the State decides to operate it anyway, the State must document the reasons for that decision. The second (Sec. 306) requires "full consultation" with labor organizations before any Title III program provides services to a substantial portion of its members. Finally, Sec. 308 reiterates that the Statewide coordination plan mandated under Sec. 121 must address Title III activities.

Another possible constraint is the requirement that States match Federal funds. In most States, appropriation of State money requires legislative action, which may be delegated if the legislature meets only annually or biennially.

In allocating Title III funds within the State, officials could, at one extreme, use some State formula to apportion funds to local government. At the other extreme, the State could fund one project at a single site to serve a narrowly defined group of persons. Between these two extremes lie a multitude of options that may or may not target funds to particular geographic areas, industries, or occupations.

Section 106 of JTPA requires the Secretary of Labor to prescribe performance standards for Title IIA and Title III programs. The Title IIA standards are to be applied to the SDA level. However, the Secretary's performance standards may be adjusted by the Governor to account for a number of differences among SDAs. Given the methodological issues involved in setting

national performance standards and the wide discretion given to the Governor, it will be important for later phases of this study to examine the role played by national performance standards, and to analyze various State-level practices. The Title III standards are to apply to the State as a whole: for Transition Year 1984 (October 1, 1983 through June 30, 1984), performance standards have not been prescribed for Title III.

1.3 Study Method

The Westat implementation study of JTPA is formally divided into a study of Titles I and IIA and a study of dislocated worker programs under Title III. However, these titles are closely related, at least at the State level. Therefore, the research plan is as follows.

- In December 1983 and January 1984, the study team made an initial observation of implementation of Titles I, IIA, and III in twenty States.
- In January through March 1984, the team made a preliminary observation of implementation of the three titles in twenty-two SDAs within the twenty States. A report on this observation will be available in June 1984.
- The study team will observe forty SDAs, eight to ten Title III programs, and State operations in twenty States for all of Transition Year 1984 (October 1, 1983 to June 30, 1984) and planning for Program Year 1984 (July 1, 1984 to June 30, 1985). A report on this observation will be available in December 1984.
- The team will observe activities for Program Year 1984 and planning for Program Year 1985 in the same forty SDAs and twenty States. Title III projects will also be observed, though some may differ from those observed in the previous round. A report on this observation will be made in November 1985.

State Sample

This section describes the nature and rationale for the selection of the sample of States being studied.

Because all States have Title III activities and all have Title I/IIA activities, we chose a common sample of States for study of both titles. The common sample enables us to observe patterns in the ways State and local planning, coordination, decisionmaking, and service delivery for the two titles relate to one another.

The sample of twenty States was selected by a stratified random sampling procedure that provided representativeness by region and size. Given the relatively large sample size and stratification by these two important variables, it was believed that this sampling strategy would provide overall representativeness by all major variables of interest, while maintaining objectivity of the selection procedure.

The procedure used to select States is as follows:

1. First, for logistical reasons territories and States outside the continental United States (Alaska, Hawaii, Puerto Rico, American Samoa, Guam, Northern Marianas, Trust Territories and the Virgin Islands) were excluded. The District of Columbia was also excluded due to its unique legal status (the initial phase of the study is concerned with State/local organizational arrangements). These exclusions resulted in a sampling frame of forty-eight States.

2. The forty-eight contiguous States were divided into four groups based on Federal Department of Labor (DOL) region. The resulting four regional groups were formed by the aggregation

of areas assigned to DOL regional offices. This use of DOL regions was based on the assumption that the DOL regional structure has some administrative significance. The grouping was intended to divide the sampling frame into four groups roughly corresponding to the Northeast, Midwest, South and West. The following groupings were obtained:

Group 1 (Northeast)

DOL Region I:	Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, Vermont;
DOL Region II:	New Jersey, New York;
DOL Region III:	Delaware, Maryland, Pennsylvania, Virginia, West Virginia.

Group 2 (South)

DOL Region IV:	Alabama, Florida, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Tennessee;
DOL Region VI:	Arkansas, Louisiana, New Mexico, Oklahoma, Texas.

Group 3 (Midwest)

DOL Region V:	Illinois, Indiana, Michigan, Minnesota, Ohio, Wisconsin;
DOL Region VII:	Iowa, Kansas, Missouri, Nebraska.

Group 4 (West)

DOL Region VIII:	Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming;
DOL Region IX:	Arizona, California, Nevada;
DOL Region X:	Idaho, Oregon, Washington.

3. The States were also classified by size of JTPA allocation, which is closely, though not perfectly, related to population size. The sum of Title IIA, IIB, and III Transition Year 1984 (TY84) Federal planning allotments to the States served as a measure of size. The sixteen largest States by this measure were classified as "large," the next sixteen as "medium-sized," and the last sixteen as "small" States (see Table 1).

4. Within each of the four regional groups, the largest State was selected with certainty (New York, Texas, Michigan, and California). Of the remaining States, one was selected randomly within each cell formed on the basis of the region and size variables. Each State within the given cell had an equal chance of being included in the sample. (In the group of large western States, only the State of Washington remained after the selection of California as one of the four largest States. This fact led to the selection of the State of Washington with certainty). Finally, in each region, an additional State has been randomly selected within the size category containing the largest number of States.

The resulting sample is presented in Table 2. The relationship between this Westat sample and the samples used in two other studies will be described later in this chapter.

For TY84 and Program Year 1984 (PY84), field observations by Westat will be conducted in forty SDAs located within the sample States. A subset of these -- twenty-two SDAs -- has been already selected for a preliminary analysis of the implementation of JTPA at the SDA level. The sample of forty SDAs will be representative by the same variables as the State sample -- State size and region -- and by three additional criteria: SDA size (measured by the size of Title IIA allocations), degree of

Table 1. Ranking of States by TY84 JTPA Title IIA, IIB, and III Allotments to States

ALLOTMENT RANK	POPULATION RANK	STATE	TOTAL (Millions of Dollars)
1	1	California	294.370
2	2	New York	194.950
3	8	Michigan	160.847
4	6	Ohio	152.718
5	5	Illinois	147.707
6	4	Pennsylvania	144.609
7	3	Texas	119.272
8	7	Florida	95.992
9	9	New Jersey	81.560
10	12	Indiana	75.123
11	10	North Carolina	65.669
12	22	Alabama	65.317
13	17	Tennessee	63.630
14	20	Washington	59.323
15	11	Massachusetts	59.191
16	16	Wisconsin	56.302
17	19	Louisiana	55.069
18	13	Georgia	55.057
19	15	Missouri	52.777
20	23	Kentucky	49.513
21	14	Virginia	47.727
22	18	Maryland	44.143
23	24	South Carolina	42.546
24	30	Oregon	37.300
25	21	Minnesota	36.342
26	31	Mississippi	35.806
27	29	Arizona	31.871
28	27	Iowa	29.664
29	33	Arkansas	29.435
30	25	Connecticut	28.637
31	34	West Virginia	26.949
32	28	Colorado	25.062
33	26	Oklahoma	19.876
34	32	Kansas	16.038
35	37	New Mexico	15.851
36	36	Utah	13.064
37	38	Maine	12.208
38	39	Rhode Island	11.351
39	40	Idaho	11.322
40	35	Nebraska	10.400
41	42	Nevada	9.993
42	43	Montana	9.003
43	41	New Hampshire	7.479
44	46	Delaware	6.954
45	47	Vermont	6.707
46	44	South Dakota	6.682
47	45	North Dakota	6.660
48	48	Wyoming	6.647

Source: IIA; Employment and Training Reporter, April 13, 1983, p. 948.
IIB, III: Employment and Training Reporter April 27, 1983, p. 1020.

BEST COPY AVAILABLE

Table 2. Westat JTPA Process Evaluation State Sample

TERCILES OF TITLES IIA, B, AND III - FY 1984 ALLOCATIONS	COMBINED FEDERAL REGIONS			
	Boston, New York, Philadelphia	Dallas, Atlanta,	Chicago, Kansas City	Seattle, Denver, San Francisco
LARGE	New York[1]	Texas[1]	Michigan[1]	California[1]
	Pennsylvania	Tennessee	Illinois	Washington
			Wisconsin	
MEDIUM	Connecticut	Georgia	Missouri	Arizona
		Kentucky		
SMALL	Maine	Oklahoma	Kansas	Montana
	Delaware			North Dakota

[1]Entered the sample with certainty

urbanization, and relationship between SDA and previous CETA prime sponsor units. One to three SDAs will be selected in each State, depending on the number and type of SDAs in the State. In selecting the SDA sample, an attempt will be made to limit overlap with the SDA sample of the other major studies.

The Use of the Field Associate Network

This section reviews in some detail the procedures for this study's basic research approach, namely, the use of a Field Associate network to collect data and assess JTPA activities.[1]

The Field Associate Network is a group of knowledgeable on-site observers who are able to collect consistent information, and to observe and assess operation of the programs at the State and local levels. The Field Associates are professional economists or political scientists who teach or perform research in universities or research institutions located in or near the area chosen for study. These individuals are interested in employment and training programs and intergovernmental relations; many have national reputations in the field. They are familiar with State and local government operations in the employment and training field in their area.

---

[1]For a discussion of the Field Associate network approach, see V. Lane Rawlins, "The Field Network Evaluation Studies of Intergovernmental Grants: A Contrast With the Orthodox Approach," American Economic Review Papers and Procedures, May 8, 1982; Richard P. Nathan, "The Methodology for Field Network Evaluation Studies," in Studying Implementation: Methodological and Administrative Issues by Walter Williams and others (Chatham, N.J.: Chatham House, 1982).

The Field Associates conduct several rounds of observation and assessment over a period of time, during which they keep in contact with the program in their State or area. Each round of assessment begins with a conference of all Field Associates and the central staff of the project. The latter bring to the conference a preliminary agenda of questions to be addressed in that round of the study and a draft report form covering relevant issues and the kinds of data to be collected in the pursuit of those questions.[2] The Field Associates bring to the conference their knowledge of the program at the local level and how the issues of national concern translate into policy and operational questions of interest at that level. They are also aware of data sources available at the local program level and of the quality of that information.

During the conference, the draft study forms are revised as necessary to properly assess the primary issues of policy and oversight concern and to collect information that is consistent across jurisdictions and is of usable quality. After the conference, the central staff distribute revised forms.

The study report form is <u>not</u> a survey instrument or interview protocol. It is, rather, a series of questions and requests for data addressed to each Field Associate, who must determine the best sources and means of obtaining and assessing the requested information.

---

[2]The appendix contains the report form used for this phase of the study.

During the study period, the Field Associates are encouraged to stay in touch by phone with the study's central staff to discuss questions, problems, or unexpected issues that arise in the course of their observations. The central staff also make field visits during this period, discuss with the Associates their assessments, and accompany them on their field work. This process provides valuable information and context to the study's central staff and checks on the consistency and validity of the information presented by the Associates in the study forms.

At the end of each round of observation, the Field Associates send the completed report forms along with supporting documents and narrative to the central staff, who then check, code, and analyze the information. During this process, the central staff contact the Field Associates to obtain any needed clarification or additional information.

A summary report covering that round of the study is then drafted by the central staff, distributed to the Associates for their comments, revised, and submitted as one of the study reports.

Other Studies of JTPA

The present study is the most comprehensive research effort to analyze the implementation of JTPA both at the State and at the SDA level, incorporating observations concerning the implementation of Titles I, IIA and Title III. There are other significant ongoing research projects focusing on the various aspects of the implementation process.

A two-year study[3] is being conducted by MDC, Inc., Grinker Walker Associates, and Syracuse Research Corporation in twenty-five SDAs located in fifteen States, and is being sponsored by a consortium of private foundations and the National Commission for Employment Policy. This project focuses on SDA-level implementation issues, and covers a variety of issues ranging from the role of various actors, including the private sector, to the impact of JTPA on the relative level of services to specific target groups. Although the field observations are supplemented by telephone surveys of all fifty States and thirty-five additional SDAs, State-level implementation issues and Title III are not covered in detail. An earlier phase of this effort included a telephone survey of fifty States (conducted by the National Governors Association), designed to track the transition from CETA to JTPA.

Another ongoing research project is being conducted by the U.S. General Accounting Office. This study is designed to collect information on State and local implementation activities under JTPA, and to develop a data base concerning State and local JTPA operations. Visits to seven States and thirteen SDAs have been planned. GAO also plans to analyze the impact of JTPA on target groups by comparing the mix of services and participants under CETA and JTPA in a purposively selected set of local Service Delivery Areas.

---

[3]Gary Walker with William Grinker, Thomas Seesal, R.C. Smith and Vincent Cama, An Independent Sector Assessment of the Job Training Partnership Act, Phase 1: The Initial Transition, MDC, Inc., Grinker, Walker Associates, Syracuse Research Corporation, New York, March 1984.

The National Alliance of Business conducted a survey of PICs and SDAs in fall 1983. The NAB survey was based on a structured questionnaire administered to PIC staff or PIC chairs by telephone interviewers. The survey focused on the role and composition of the PICs and on the geographic composition of SDAs, but also contained subjective data (attitudes and expectations) concerning anticipated programmatic changes, and data on funding levels.[4]

Westat is coordinating its efforts with the other organizations conducting JTPA implementation research. This includes coordination of site selection, as well as the exchange and utilization of information generated by other organizations.

Some overlap with the MDC study could be expected. Both samples include the largest States in each region since the MDC sample overrepresents the larger States. As a result, all overlapping cases (except one) occur in the "large" State category. Eight States are included in both samples. The Westat sample, therefore, includes twelve States not in the MDC sample and the MDC sample seven additional States not in the Westat sample. In only one State is there overlap between the sample drawn by the General Accounting Office (GAO) and the Westat effort. Table 3 shows states surveyed in all three studies.

---

[4] An Overview of the New Job Training System, Survey Report #1, National Alliance of Business, Washington, January 1984.

Table 3. Westat and other study sites by size and region.

TERCILES OF TITLES IIA, B, AND III - TY 1984 ALLOCATIONS	COMBINED FEDERAL AREAS			
	Boston, New York, Philadelphia	Dallas, Atlanta	Chicago, Kansas City	Seattle, Denver, San Francisco
LARGE	New York (1,2) Pennsylvania (1,2) New Jersey Massachusetts (2,3)	Texas (1,2) Florida (2,3) North Carolina Alabama Tennessee (1)	Michigan (1,2) Ohio (3) Illinois (1,2) Indiana (2,3) Wisconsin (1)	California (1,2,3) Washington (1,2)
MEDIUM	Virginia Maryland (3) Connecticut (1) West Virginia	Louisiana Georgia (1) Kentucky (1) South Carolina (2,3) Mississippi (2) Arkansas	Missouri (1) Minnesota Iowa	Oregon Arizona (1,2) Colorado (2)
SMALL	Maine (1) Rhode Island New Hampshire Delaware (1) Vermont	Oklahoma (1) New Mexico	Kansas (1) Nebraska	Utah Idaho Nevada (3) Montana (1) South Dakota North Dakota (1) Wyoming

1. 20 Westat sample States.

2. Sample of 14 States for study by Grinker Walker Associates, MDC, Inc., and Syracuse Research Corporation (Referred to as the MDC study).

3. Sample States for the GAO study.

BEST COPY AVAILABLE

1.4 Organization of the Report

This report concentrates on the overall State organization of JTPA and on the implementation of Title IIA and III in the States as well as related implementation issues. The organization of this study is briefly summarized here.

Chapter 2 discusses the overall State organization of JTPA, addressing both formal and informal organization and differences in the State level organization of Titles IIA and III. This chapter also addresses the role of key actors at the State level and early implementation decisions.

Chapter 3 addresses the implementation of Title IIA. Specific topics discussed in detail include the designation of SDAs, eligibility and target groups, performance standards, use of the set-asides, and other implementation issues.

Chapter 4 addresses the implementation of Title III in the States. Topics to be highlighted include within-State allocation mechanisms, target populations, service mix and program operators, the buildup of Title III activities and other implementation issues.

Chapter 5 discusses the implementation of the Wagner-Peyser Amendments, the effects of the liability issue and the likely role of CBOs in JTPA.

An appendix contains a copy of the Report Form used by the Field Associates for this round.

A companion volume (Title III Dislocated Worker Projects in fifty States), describes the universe of Title III projects (FY83, TY84) operating in all fifty States as of mid-January 1984. The information in this volume is based partly on secondary data, partly on information obtained by the Field Associates and partly on supplementary phone conversations conducted by Westat central staff with JTPA officials in the States.

2. STATE-LEVEL ORGANIZATION FOR JTPA

2.1 Overview

All of the States in the sample are seeking to make JTPA different from CETA. This means different things in different States, but almost all State governments are expanding their role in the employment and training system, and private enterprise is having a greater say in planning the program activities.

Attempts to increase the State role and private-sector involvement are by no means going unchallenged. Almost a decade of CETA programs created a cadre of training program professionals, interest group organizations, training facilities dependent on Federal funds for their existence, and local governments accustomed to a high degree of control over the programs in their jurisdictions. Each group has something to lose if States and private enterprise actually take control. While it is too early to draw firm conclusions about the outcomes, significant changes are taking place and the direction of such change is evident.

The move to a larger State role has broader roots than JTPA alone. Beginning in 1981, the Reagan administration sought to broaden State activities by delegating more authority to the States to manage Federal grants in social services, health, education, and other areas. In addition, reductions in budgets for Federal domestic programs and the recent economic recession forced State governments to reassess the level of State services or to increase taxes. In many States, the result was an effort to exert closer control over funding and operation of agencies and local governments that provided the services that had undergone

budget cuts. A trend to increased centralization of power at the State level is reflected in new regulations, tighter monitoring, and detailed systems of accountability.

JTPA fits into this trend. It provides an opportunity for States to centralize both planning and management of federally funded employment and training programs. While all States in the sample deliberately tried to centralize some JTPA operations, the strategies varied widely. The degree of success depended on the strength of State government commitment and the power of the agencies that had enjoyed great autonomy under CETA.

2.2 Role of the Governor

The Governor took a very active role in the implementation of JTPA in three-fourths of the States in the sample. The nature of this involvement varied. It included placing the program in the Governor's office, establishing a new agency headed by a Governor's appointee, appointing a Governor's aide to liaison status with the office responsible for the program, or simply assigning responsibility to an existing operating agency. In all cases, however, the objective was to give the Governor more control over JTPA than existed with CETA.

Even where the Governor did not take an active role at the outset of program planning, the resulting "turf battles" eventually brought the Governor into the process to resolve disputes. The following report by one Associate describes this process:

> Officials in the Governor's Office, the Economic Development Department, and the Department of Human Services all saw JTPA as very different from the CETA process. Prior to JTPA, employment and training functions were

> split between these two agencies. The Economic Development Department staffed the State Council and administered the Governor's grant, the Department of Human Services administered the balance of State program. . . .Both departments mounted strong arguments to try to persuade the Governor and his staff to make a decision in their favor. Because of the State-level politics, the program got a late start. The Governor was placed in somewhat of a quandary and postponed his decision several times, including a target date for December 1982. It was not, in fact, until January 1983 that the decision was made to locate JTPA in the Department of Human Services. The decision was announced as the most rational given the need to integrate JTPA with other programs, like WIN and AFDC. It was bitterly opposed by the old CETA planning staff in the Economic Development Department and by that agency's director, who resigned shortly thereafter.

In this case, economic development lost out as the primary orientation of the new JTPA program, but in many States it did not. In fact, economic development is being given more emphasis on the State level under JTPA than it was given under CETA. This emphasis is not surprising. Governors are paying more attention to JTPA so that they can exercise economic development as a traditional function of the office of the Governor, and JTPA is "the only game in town" with new money at a time when most programs funded either with State or Federal money are being reduced.

In fourteen of the twenty States studied, the use of JTPA as a tool for economic development was a specific issue. Orientation to economic development was sought in a variety of ways, ranging from emphasis on special projects in depressed areas and customized training for new industry to a comprehensive program of skill upgrading through the community college system. Generally, the economic development goal has been linked to easing of restrictions on private use of funds. From our early information, it appears that a primary factor in seeking a strong

link between JTPA and a significant private-sector involvement in the State Job Training Coordinating Council (SJTCC) is the traditional state (gubernatorial) function of economic development. This is illustrated in the following comment from the Associate in a large industrial State:

> The creation of the Governor's Office for Job Training reflects the interest of the Governor in the allocation of these funds and also the desire to coordinate any available JTPA funds with the State's overall economic development program.

The extent to which the tie to economic development is real or rhetorical seems to vary. The answer should become apparent in future rounds of observations.

Other objectives in various States are coordination with State education and training programs, and coordination with State social services programs (AFDC, WIN, General Assistance) as well as with other Federal programs (Community Development Block Grants, Social Services Block Grants). These preferences and policy objectives are related to the role of particular agencies and, as described below, to Title IIA and Title III programmatic decisions.

2.3 State-Level Organization

In all the study States, responsibility for JTPA has been placed in the Governor's office or in a cabinet-level agency. Where assigned to a traditional State agency, it is at most two levels below the Governor; in these cases there is often a direct liaison to the office of the Governor. In several States the JTPA agency is new in the State Government or is a reorganized agency that gives more visibility to the program and places it

closer to the Governor. For example, from an Associate in one State:

> The actual organizational scheme was changed recently. Specifically, the JTPA administrator now reports directly to the Commissioner of the Department of Labor. The change was made in order to decrease the administrative layer between the Governor's office and the office of the JTPA administrator. Before this change, the JTPA administrator was four layers below the Governor.

In most States, the organizational assignment was intended to change the nature of the program from that of CETA, and to move it closer to and more clearly under the Governor's direction. According to one Associate:

> The rationale for the reorganization was to allow for greater control over the JTPA program since it was felt by the Governor that CETA had acted too independently. The reorganization took place in the summer of 1983 and was intended to signal that JTPA would be more than a continuation of the old CETA program. One additional goal was to further integrate JTPA and the Employment Service.

The exception to this trend has been in primarily rural States where the old CETA Balance of State agency (often the Employment Service) has been given JTPA responsibility. This appears to be due to past cooperation and perceived good performance as well as a lack of alternative delivery agents.

Even where the old CETA staff and, in the rural areas, Employment Service staff are major actors in JTPA implementation, this does not necessarily mean "business as usual" or the reinvention of the CETA program. According to the Associate for a largely rural southern State:

> There are two important points about the continued strong involvement of actors from the old CETA prime

sponsors. First, some believe that it speeded the organization and implementation of JTPA because of the experience derived from these members. These individuals were willing to support the changes required under JTPA from CETA. However, some believe it might predispose the SDAs toward traditional goals and objectives more than they believe is desirable to fully implement the intent of JTPA.

2.3.1 Location of JTPA

The organizational location of JTPA varies by State, historical precedent, and the part of JTPA that is being observed. If one simply tallies distribution in the State sample, the largest number of JTPA offices are now in State Departments of Labor (seven), followed by Economic Development Departments (four), Human Services (three), the Employment Service where that is a separate entity in State Government (three), and the office of the Governor (three). This count is oversimplified, however. In three States, different agencies administer Title IIA and III. In addition, in three States, a small staff sets overall policy for JTPA in the Governor's office and an executive agency administers the program as determined by the Governor's staff.

Because public agencies will ultimately be responsible for the training programs, the choice of the administering agency is critical. One Associate reported the widespread view in his State as follows: "To be effective, a new program would have to be disassociated from previously unsuccessful program operators -- particularly employment security and vocational education."

Within State governments, the choice of the lead agency became a major implementation issue. In most sample States, two or more agencies attempted to gain administrative authority over JTPA activities. Top-level State agency officials in three States

resigned when the decision did not go their way, indicating the seriousness of the matter. In thirteen of the twenty sample States, there were some substantial differences between the choice of a lead agency for JTPA and the agency that had administered CETA programs. In several cases, the choice went to a new agency that reports directly to the Governor.

In summary, States have followed three patterns in setting up their JTPA administrative structures. The first is to centralize State JTPA administration responsibility in a single agency different from any agency that operated CETA. This agency reports directly to the Governor and works with the SJTCC in receiving and disbursing funds, letting and monitoring contracts, approving Title IIA plans and Title III projects, and setting State service plans. The agency also assesses the management information to keep State activities in line with program objectives. Seven of the twenty sample States fall into this pattern. In each of these States, the Governor has declared economic development as a primary JTPA goal. From one Associate:

> In spite of competition to capture the program on the part of both agencies, neither vocational education nor employment security was considered a viable home for the new program. The negative public image of both agencies compounded their poor performance records. Since the Department of Labor was not involved with CETA and yet had generic responsibility for coordinating "labor" related activities, the DOL was the natural location for the "new" organization.

The second pattern is to divide State JTPA administrative responsibilities between two or more agencies. Typically, a new agency oriented to economic development works directly with the Governor and SJTCC. This agency sets policy, designates SDAs, reviews SDA plans, certifies PICs, and administers Title III funds. A more traditional agency, such as a State Department

of Labor, works out contracts with SDAs for Title IIA, develops payment schedules, provides technical assistance, and monitors training programs. Under this approach, the traditional agency has a smaller role than under CETA but remains critical to effective operations because it is the administrative agency. Six of the twenty sample States, including many of the more populous States, have divided responsibility in this way.

The third pattern is for the traditional CETA agency to retain administrative responsibility, often with some internal reorganization and a clear mandate from the Governor that JTPA was to be different from CETA. This was the model for seven States and was justified on the basis that it would not make sense to sacrifice the experience and network available to the State through the CETA agency. There was a strong relationship, however, between this organizational approach and the Governor's view of program purpose. A majority of these States were operating programs focused on the needs of participants rather than economic development. Some change has taken place even in these States, however. For example, in the States in which the program is located in the Department of Labor, it is often assigned to the office that used to handle the Governor's grants rather than to the old CETA Balance of State (BOS) office.

If the program has been moved closer to the Governor, it had to have been moved <u>from</u> somewhere; this is often the Employment Service and the CETA BOS office. This reduction in status took several forms. In a few cases, the old BOS office was simply disbanded. In other cases the Employment Service was or is being merged into the new JTPA office. Most commonly, however, the policy making and primary administrative functions reside with a new agency, the Governor, and the State Council while the operating aspects of the program have been left with the old BOS or Employment Service or both.

In some cases the change in the relationship of the Employment Service was related to past relationships and the perception of the Governor that changes made in the control of the Employment Service enacted as part of JTPA presented the opportunity for more control over the Employment Service and its State Director. According to the Associate in a large midwestern State:

> The Employment Service is located in the Department of Labor [JTPA is located in the Department of Human Services]. Although the Director has personal access to the Governor, an attempt by the Employment Service to administer JTPA was unsuccessful. Also, when the Governor discovered that he could utilize 10 percent of Employment Service funds for other purposes, he rebuffed Employment Service attempts to retain control over the funds, deciding instead to switch them to the economic development effort.

2.3.2 Implementation Decisions

States found it easy to retain control of Title III allocations for dislocated worker projects. In sixteen of the twenty sample States, allocation control has been kept at the State level. Only three States allowed the Service Delivery Areas (SDAs) to have a major say over allocation of these funds; in one, the amount of funds was so small that the State officials had little interest in how they were used. Title III funds have been allocated for a wide range of projects; the effort to centralize control over this title's funds does not mean that most States share a common program emphasis, but simply that all States have a clear desire to centralize management control over where and for what purpose the funds are to be used.

Additional evidence of State assertion of control is the widespread effort to define the boundaries of Service Delivery Areas differently from the way CETA prime sponsors were defined. In seventeen of twenty States, this caused substantial conflict. Heated battles arose over proposed boundary changes because the CETA system proponents quickly and correctly perceived that their continued influence was at stake. For example, in one State the old BOS staff recommended a configuration very close to the old CETA system. This proposal was rejected by the Governor and the existing system recommended by the new JTPA director was adopted. According to the Associate:

> One major objective for (the new JTPA director) was that no SDA be identical with a previous CETA prime sponsor. He wanted a clear break with CETA and did not want to carry over CETA primes into JTPA SDAs. He also prevailed in insisting that SDAs be consistent with labor market areas.

The State governments did not win all of these battles. In at least seven of these seventeen sample States, Governors yielded to local pressure at least in part. Local resistance was especially intense when local PICs joined with other advocates to seek recognition of an old prime sponsor area as an SDA. Even though Governors may have felt strongly that the jurisdictional configuration should be changed, they were in a tight spot because they risked alienating the private-sector PIC representatives on whom the success of JTPA depends. According to the Associate in a large eastern State:

> The mayor [of a middle-sized city] is a political force which the State could not overlook in the designation of SDAs. The mayor's interest is in maintaining city programs. As a consequence of State-mayor negotiation, the city and county became one SDA. The city is the grant recipient and shares allocations with the county. The mayor is also a member of the SJTCC. Similarly, [a major corporation] with its economic power and presence throughout the State has delivered key actor status to [a particular] SDA.

Those Governors who withstood local pressures in making SDA designations most often enlisted private-sector support for their SDA plan by tying it directly to an economic development program. Three Governors pushed a new SDA configuration for the apparent purpose of improving the training programs for economically disadvantaged participants by concentrating on labor market or State agency service areas, but this was clearly in contrast to the general trend reflected in the majority of sample States.

2.4 The Role of the State Council

The State Job Training Coordinating Council (SJTCC) advises the Governor and has certain designated functions under the act. These include making recommendations on the State services plan, designating the SDAs in the State, and certifying the PICs. The law mandates that certain parties be members of the State Council. Private-sector members are to hold a minority of the Council seats.

The role of the State Council varies considerably across the States, as do the caliber and forcefulness of the members. In general, the caliber of the membership of the SJTCC appears to be quite high, since members include agency heads, State officials, and private-sector representatives, who are in many cases, the chairpersons of local PICs. With a few exceptions, private-sector representatives of high stature have been recruited. In many States, chairperson of the State Council who in almost all States is a private-sector representative, was asked by the Governor to recommend the other private-sector members. These are often chief executive officers of major

corporations in the State. They have used their influence to attract other high-level persons from the private sector, many of whom are also close to and influential with the Governor.

The State Council appears to be a forum for private enterprise in fourteen of the twenty sample States, including all States where economic development is a primary JTPA goal. These councils have been instrumental in setting the SDA configuration and choosing a lead agency at the State level. The private-sector and public-sector representatives on SJTCCs have extensively debated such matters as targeting of positions to the disadvantaged, accountability and monitoring, and the use of discretionary funds.

SJTCC members seem to reflect the Governor's priorities for JTPA. Where economic development is a major goal, the Governor often has looked to the council to turn back proposals of the more traditional State agencies. In one such State, the Associate reported that within the SJTCC, "This major effort to redirect employment and training effort toward job creation and integration with economic development goals has overshadowed all other issues and interests." By contrast, in another State where the Governor is content to have JTPA fill a more traditional role, the Associate reported that "The State Council is a large, somewhat unwieldy body that appears not yet focused on policy matters but more on day-to-day administrative problems."

The strength of the SJTCC in several States is enhanced because governors have successfully recruited top executives from major corporations to direct the council's activities. Several Associates reported that the private sector involvement thus far at the State level has been much greater than it had been in the State CETA councils, and none indicated that it was less. While

a great deal of private-sector enthusiasm has been shown in the implementation phase, however, a few Associates noted that some private representatives who lack knowledge about existing training institutions have shown signs of disillusionment as they realize that they must invest a great deal of time to catch up and keep up. One Associate reported that some private-sector representatives were openly wondering whether the stakes were high enough to warrant that investment. Another stated, "There is keen interest on the part of the private sector, but managing training programs is a difficult business."

In summary, the typical State Council has an apparently strong chairman, chosen by the Governor, who is dedicated to developing something substantially different from the CETA program. This has often caused disagreement with traditional State agencies such as the Department of Labor, Employment Security, or the Department of Social Services, as well as with the employment and training establishment at the local level. In three-fourths of the States, the councils have been very active. Meetings have been frequent and active subcommittees have been established. These State councils have been especially influential in setting the configuration of SDAs and in choosing the lead agency for administration of JTPA. However, control of programs is a day-to-day activity, and a majority of the Associates reported that even though private-sector involvement had increased, State agencies maintain effective control of training programs through their management and monitoring responsibilities.

Associate reports on the roles of the State Councils can fit into several broad categories: active and influential, active but still learning the process, dominated by the public-sector representatives or staff, and purely advisory to the

Governor. Examples of each appear in the Associates' reports. There are thin lines between the categories, but the differences seem real. From a State with an active council, Associate stated:

> The Council may be the hidden force in the implementation of JTPA. This results from the combination of powers that the Council is given under the Act and the strength of the personalities involved. As with the new PICs, the role of the Council is evolving toward one of increased importance. Initial evidence suggests they have more influence than the State Department of Labor would like or expected.
>
> The Council chairman is a senior vice president for Industrial Relations at a major company in the State. In addition to being a forceful personality, he is on good working terms with the Governor. These factors combine to give the Council a very important role, which should increase as the implementation proceeds. For example, they intend to be heavily involved in monitoring. They have already required that the Department of Labor prepare background materials for them and they are continuing to develop policy on JTPA implementation. They intend to monitor closely the customized training thrust.

From another Associate in a State with an active council:

> With regard to the State Job Training Coordinating Council (SJTCC), its activities to date under JTPA have reflected its policy planning emphasis. Despite a slow start, it has emerged as one of the key actors in JTPA's implementation, formulating policy recommendations, especially those intended to foster the State's coordination objectives, as well as monitoring the overall program.

An Associate reports a case in which the State Council is still learning about the operation of the program and its role.

> In terms of organization, the State Council and the PICs have been given pivotal roles in JTPA. The State Council has a very serious role in setting overall policy on the allocation of funds and the PICs have been given great discretion in designing programs in

their areas. At the State Council level, however, it is not yet possible to determine how much influence the private sector will have. Thus far, the consensus is that the public-sector members are more dominant in the Council because of their experience and interest in JTPA. The private-sector representatives are still learning about employment programs and have not yet been a dominant or even a major force in the Council.

An example of a more advisory State council:

The new Governor was not willing to turn the program over (to a State Council with a strong private-sector involvement). In fact, he wanted a governmental program with input from the private sector.

Another State Council seen by the Associate as dominated by the public-sector members and staff:

My preliminary reading is that the State Council has been very busy, but has not been a particularly strong force in shaping JTPA so far. The Economic Development Department (which houses JTPA) was advanced in its Department (which houses JTPA) was advanced in its planning well before the State Council was appointed, and the pace of implementation has been such that a rather unwieldy body meeting bimonthly and with a cumbersome committee structure cannot really keep up. There are reports of dissension in the Council regarding the exact definition of its role, and some testiness about being "used" by the Economic Development Department as a rubber stamp.

2.5 Role of the Private Sector

A major aim of JTPA was to give the private sector a stronger role than it had under CETA. This involvement was to take the form of the State Job Training Coordinating Council (SJTCC) at the State level and the Private Industry Council (PIC) at the SDA level. The Field Associates agree that, at the State

level, private-sector involvement and interest in public training programs are greater than ever before. This report focuses on the State level and does not get to the role of the private members of the PIC in the local SDAs, where the potential for major involvement is probably greater than at the State level. The legislation requires that private-sector representatives be a minority of the total State Council membership; by contrast, local PICs are to be composed of at least 51 percent private-sector members, and the chairman of the PIC is to be a private-sector representative. Also, the role of the State Council is more advisory to the Governor, while the local PICs have the responsibility, jointly by agreement with local elected officials, to plan and operate the program.

An interesting, though not generalizable, example of this difference arises in a State with a single SDA. The chairman of the State Council formed the PIC, of which he is also chairman, by increasing the number of private-sector representatives to form a majority. He sees his role as chairman of the PIC as more important than his role as chairman of the State Council. The Council is largely advisory to the Governor, while the PIC sets policy and operates the program under a signed agreement with the local elected official who, under these circumstances, is the Governor of the State. The agreement gives the PIC and its chairman significant power in determining the shape and operation of the program. Any disagreements under this arrangement between the PIC and the local elected official (Governor) are then appealed up to the next level (the Secretary of Labor). In this particular circumstance, this is not likely to be a problem since the chairman of the State Council is in tune with the desires of the Governor and, in fact, the Governor seems to rely on the chairman of the PIC in making decisions about JTPA.

The State Councils recommend the approval of SDA designations and the composition of the local PICs. Therefore, the State Councils have been in operation longer than the PICs. The Associates report that it would be premature to assess the role of the private-sector representatives on the PICs at this point. Some local representatives seem to take their cues from the more experienced State and local public members, but are "catching on" to what is involved and may exert more influence in the future.

Although the nature of the private involvement varies by State and among local PICs, the Associate in a smaller State offered this comment which was echoed in other States:

> The PICs have been described as having substantially more authority under JTPA, and there is a genuine feeling that private-sector representatives will continue to assert themselves even more as the program matures. Generally speaking, so far, the private sector (i.e., PICs) seem to be in a stronger position under JTPA than the Local Elected Officials (LEOs). At the SDA level, moreover, State officials see the PICs to be more influential than the LEOs.

According to another Associate:

> Private-sector interests are stronger and more active in JTPA than in CETA. The new PIC structure is larger and more visible. It seems that a major goal of the private sector is to prevent a return to anything resembling the old CETA program.

An objective of private sector involvement in JTPA is to improve the way owners and managers of businesses perceive employment and training programs, which under CETA was often negative. In at least some cases, this improvement does appear to be happening. One Associate observed: "While public/private

relations under JTPA may be more of a shotgun marriage than a 'partnership,' the future appears to be bright. The private-sector perspective of the JTPA program can be expected to be much more positive than that of the CETA program."

On the other hand, some aspects of the program have not changed, according to another Associate:

> One problem that may arise is the continued interest and enthusiasm of the PIC members. Though they were led to believe that JTPA was different than most government programs, PIC members felt rushed during the first planning period. Now, they will be rushed again as they work to formulate a two-year plan with little more than one-quarter's experience under JTPA. This set of circumstances may give private sector representatives a feeling that government and, in this case, JTPA continues to feature inadequate planning and aribitrarily short deadlines.

2.6 Summary

Perhaps the two best indicators of State JTPA directions are the choice of a lead agency and the configuration of SDAs. Where the States have established a lead agency different than that under CETA and have significantly changed the CETA sponsor boundaries in designating SDAs, there are also indications of greater private-sector involvement and more emphasis on economic development priorities. In these States customized training, on-the-job training, and geographic-area targeting are most prevalent and targeting to welfare recipients and the most disadvantaged are deemphasized. Conversely, where more traditional employment and training agencies maintain interaction with established local jurisdictions and the "manpower establishment," the training programs are more likely to be similar to those under CETA.

Cause and effect are difficult to determine in this analysis, because JTPA programs have not yet been examined at the local level and the program pieces are still falling into place. But, even though the destination is not known, there are some clear indicators of direction. It also appears that legislation, such as JTPA, which allows States a number of choices, will result in some important program differences among the States.

Time is needed to make real changes in the nature of public training programs. At this point, the major responsibility for actual training resides with existing training organizations in the States. Many Associates noted that the same faces appear in many critical positions. This is also the case in local areas and individual training facilities. One Associate wrote, "Existing professional staff carries over the CETA experience and continues, in one way or another, to dominate planning and organizational activity." Another State report indicated that while the Governor and SJTCC engaged in a flurry of activity during the period of SDA designation, the program has now been returned to the manpower professionals. One Governor promoted private-sector involvement by appointing high-level industry people to the SJTCC and sought outside industry advice in program design. Yet, it was reported that the State agencies remain in control of JTPA because it is their "full-time commitment."

Public agencies will apparently continue to operate Government programs and, therefore, influence them. In a typical case, the Governor set up a new agency with the goal of promoting economic development and centralizing JTPA functions. There was an increase in private-sector involvement and attempts to eliminate involvement of all the traditional manpower agencies. But the Associate observed that the Employment Service was

working its way back into the picture through intake, assessment, and other traditional services that no other agency could provide.

Many Associates feel that it will be difficult to maintain private-sector enthusiasm and involvement at current levels. The question is whether, after all the early activity, that impact will be lost in day-to-day operation. This question can only be answered after extended observation of operations at the local level.

A final issue anticipated by some Associates is the reaction of the traditional participant groups, such as the handicapped and others facing severe disadvantages, to program initiatives that seem to bypass them. In a few States, there is some evidence that they are objecting to participant targeting requirements and program design focused on economic development. The JTPA program is clearly insufficient to serve the needs of all those eligible in any State. As choices are made that exclude the most disadvantaged, there may be increasing cries of outrage. This problem has not yet come to a head, but it is seen as a major issue in the next year.

JTPA has created great change at the State level. There is a strong move towards centralized control by the States, consistent with action in other programs. Also, there is a strong effort in a many States to break loose from the CETA system by changing the administrative jurisdictions and managing agencies. There is a greater tendency to stay with more traditional employment and training services in a minority of States, including some of the most populous stands. Strong conflicts exist between traditional training activities and economic development goals in every State and, for the present,

economic development seems to be coming out on top. Finally, the role of the private sector has increased, but is still limited by lack of expertise and time commitment sufficient to realize the ambitious objectives of the legislation.

3. TITLE IIA IMPLEMENTATION

3.1 The Nature of Title IIA

Title IIA authorizes training for economically disadvantaged youths and adults, and provides for a structure of local Service Delivery Areas that cover the entire geography of each State.

JTPA outlines flexible rules for the design of the service delivery system. Service Delivery Areas (SDAs), the sub-State level of the JTPA system, are to be established as an outcome of interaction among the Governor, local government and business organizations; they are not imposed by the Federal government on the States. After receiving the proposals of the State Job Training Coordinating Council, the Governor is to publish a list of proposed Service Delivery Areas for the State. He or she must approve requests to be a Service Delivery Area from units of general local government with a population of 200,000 or more, consortia of contiguous units of local government serving a substantial portion of a labor market, and concentrated employment programs that operated in rural areas under CETA. After reviewing comments from local government and business organizations, the Governor makes the final designation of SDAs.

The act also creates a framework for the establishment of Private Industry Councils (PICs) in all SDAs. In partnership with local government officials, the PIC draws up plans for Title IIA activities in the SDA, sets policies on how the plans are to be carried out, and oversees operations. Representatives of the private sector must constitute a majority of the members of each PIC. The Governor has approval authority over locally developed plans, but the Governor's disapproval of any job training plan may be appealed to the Secretary of Labor.

Section 106 of JTPA requires the Secretary of Labor to establish performance standards that SDAs must meet in Title IIA programs. These standards deal with program outcomes such as the percentage of people who find jobs after training. The Secretary's performance standards may be reviewed by the Governor of each State, however. Given the methodological issues involved in setting national performance standards and the wide discretion given to the Governor, it is important to examine the actual role played by national performance standards, and to analyze various State-level practices. The interaction of national and State-level factors is further complicated by the wide discretion given to the Governor in defining key terms, such as "family" and "family income." Initial national Title IIA performance standards are based on FY 1982 CETA data.

JTPA incorporates provisions concerning the selection of service providers and limitations on certain costs. For example, at least 70 percent of the funds available to a Service Delivery Area must be spent on training, and not more than 15 percent can be spent on administration. However, SDAs may obtain waivers of these provisions from the Governor of the State. The act also incorporates provisions concerning training programs for older individuals, State labor market information programs, various aspects of the allocation of funds, labor standards, monitoring, and recordkeeping.

Title IIA of JTPA authorizes a potentially wide range of activities to prepare economically disadvantaged youths and adults for unsubsidized employment. An important feature of JTPA is the wide discretion given to local service delivery agents in targeting. The national eligibility rules are relatively broad. Economically disadvantaged status is the only general eligibility

requirement, and even this is modified by a provision allowing an SDA to enroll persons who are not economically disadvantaged, up to 10 percent of total participants.

Title IIA also specifies criteria the State must use in allocating funds from this title among SDAs. The allocation process has two steps, as follows:

1. Seventy-eight percent of the funds is allocated to the SDAs using a three-part formula. One-third of this portion is to be distributed according to the total number of unemployed in areas within the SDA relative to the number of unemployed in all such areas in the State. One-third is to be distributed on the basis of the number of "excess" unemployed in the SDA relative to the number of "excess" unemployed in the State. "Excess" is defined as above 4.5 percent unemployment. The final third is to be distributed on the basis of the number of economically disadvantaged in the SDA relative to the total number of economically disadvantaged individuals in the State.

2. The remaining 22 percent of the funds is set aside for use as follows.

   - Eight percent is to be used for coordination of State vocational education programs. (Within this portion, 20 percent is to be used for coordination of State education and training programs and 80 percent to provide services to participants through State or local education agencies).

   - Three percent is set aside for older worker programs.

   - Six percent of the funds may be used for incentive grants to SDAs that exceed performance standards or for technical assistance.

   - The final five percent is set aside for State administration.

Title IIA also specifies that an SDA may, if it chooses, include provisions for exemplary youth programs in its job training plan.

Several Title IIA issues became apparent during Phase 1 of the study. One concern is the organizational arrangements at the State level to provide Title IIA services within the States. There are essentially three patterns of organization: State provision of services to all areas of the State in a single SDA; the designation of several independent Service Delivery Areas within the State with the rest of the State being administered at the State level; and all areas in the State being independent SDAs. A second concern is why these organizational arrangements occur and the extent to which local factors, past experience, and the bargaining power of various actors produce these outcomes.

A third issue involves the role that certain legislatively mandated players have in the organization of Service Delivery Areas, in preparations for the delivery of services to individuals, and in the actual selection of service deliverers and the kinds of services provided to program participants. For example, what role does the private sector take in these decisions? The legislation contemplates a leading role for representatives of the private sector in the organization and program planning at the State and local levels. Does the private sector undertake this role and what measures indicate the degree of participation? Similarly, the legislation gives major responsibility for organization, administration, and review of program performance to the Governor of the State and, depending upon the budgeting practices of the State, the State legislature. How effective are the Governors and legislatures in undertaking these roles, and are they active in the decisionmaking and administration of the

program or do they only serve as the final arbiter or source of approval of plans and decisions made by others?

A fourth issue is whether there are major implementation problems that develop from either legislated mandates or State or local conditions. If such problems exist, does an analysis of the implementation of the program suggest legislative or procedural changes that might be made on the State or local levels?

A fifth question is whether there are innovative program arrangements that grow out of the newly organized program that might be encouraged nationally or elsewhere through changes in the legislation or accompanying regulations and performance standards.

A final question is the degree of interaction of the Title IIA program with the services provided under Title III. This issue has wide-ranging implications for organizational efficiency, services provided, and the division of functions among the various players of the service delivery system. For example, given current concerns at the State level, do the Governor and representatives of the private sector confine their attention to services for dislocated workers (Title III) and evidence little concern for their responsibilities under Title IIA? Alternatively, does the new legislation spawn parallel delivery systems within a State, each with its own participant group and range of services, or is there a coordinated JTPA effort that provides whatever services are required to the various eligible populations?

3.2 Designation of SDAs, Administrative Entities and Grant Recipients

3.2.1 Development of Service Delivery Areas

Nationally, there are 596 SDAs compared to roughly 475 prime sponsors under CETA. The total number of SDAs is, therefore, 25 percent larger than the number of prime sponsors, even though one goal of JTPA was to rationalize and reduce the number of local service areas.

The twenty sample States contain 323 Service Delivery Areas, compared with 252 prime sponsors under CETA. Of the SDAs, 120 (37%) are geographically identical to former prime sponsor areas, 45 (14%) are identical to former Balance of State (BOS) administrative units, and 158 (49%) are new geographic service areas if not new service delivery organizations. In eight States, no BOS administrative subdivisions survived intact as SDAs, and in four of these, no previous prime sponsor escaped reconfiguration.

In general, the States' ability to force or negotiate such complete reconfiguration was limited to small States. The two large States that completely reconfigured the old BOS were unable to reconfigure other former prime sponsors, although in a few cases officials of the old prime sponsor consented to accept one or more contiguous counties that had been served by the BOS unit. In fourteen States (including all eight that have no surviving BOS units) half or more of the SDAS are new configurations.

Although somewhat less than 40 percent of SDAs are intact former prime sponsors, in fact, more than half (52 percent) of all former CETA prime sponsors in the twenty States (aside from BOS units) survived intact. Of the nineteen States which had had local government or consortia sponsors, eight were unable to change half or more of their previous prime sponsors' boundaries.

How can we explain this apparent paradox, in which almost half the SDAs are new geographic configurations and yet more than half of non-BOS prime sponsors remained intact? One reason is the increase in the total number of SDAS. Other reasons are the following:

- Some, but not all, small States succeeded in reconfiguring Balance of State and prime sponsor units, sometimes reducing the number of entities and aligning them with the boundaries of economic development districts, or community college districts.

- Large metropolitan prime sponsors generally survived unchanged in spite of State efforts to consolidate them with adjoining areas.

- Many Balance of State administrative units survived unchanged; many more survived only slightly changed.

- A number of large prime sponsors changed only minimally through the addition of an adjacent BOS county or two.

- A number of multi-unit consortia split into two or more SDAs. Such splits occurred more often as the result of the breaking away of one unit of the consortium than as the result of any State plan to reduce the power of consortium prime sponsors. CETA consortia that were large enough to split up into qualifying SDAs were almost exclusively those in large States.

It may have been futile to hope that JTPA would result in fewer SDAs than prime sponsors was futile given powerful prime sponsors and counties in Balance of State units. Indeed, JTPA personnel in one large State believed they were fortunate to be able to reduce the number of SDAs to slightly below the total number of prime sponsors and BOS administrative units. Some reasons that these configurations emerged will be discussions in the remainder of this section.

In general, the larger the State (as measured by JTPA allocation), the greater was the proportion of former prime sponsors able to resist any change. By contrast, sparsely populated States typically contained only one or two jurisdictions having populations of 200,000 and thus qualifying to be an SDA. These States had fewer powerful parties with which to negotiate. Moreover, in these small States former BOS administrative units were not very powerful as compared with other potential SDA units, such as economic development planning districts. The latter already had State-level advocates and often were preferred by both the Governor and key private industry representatives.

In one small State, industry leaders were concerned about potential inefficiencies if SDAs lacked sufficient population. A merger between former prime sponsors was induced by the promise of a substantial private sector grant to the resulting SDA. Private-sector actors provided the impetus for both three mergers and a "breakout" in another State.

The Associate from this medium-sized State reports:

> With a few exceptions the SDAs are previous prime sponsors or BOS administrative units. Those which do not fit this pattern involve either mergers or break-outs.
>
> > Three SDAs are each mergers between two BOS administrative units. The decision to merge was heavily influenced by the private sector's desire to avoid repeating the CETA structure, to reduce administrative redundancy, and to maintain credible labor market areas. In [one of these] the PIC incorporated as the administrative entity and hired the CETA staff.
> >
> > Another new SDA is a combination of [a one-county prime and one of two counties from a CETA consortium]. The County break-out [from the consortium] was led by a strong private sector initiative, a private sector which even promised its own resources in support of the programs. The State does not like this arrangement and considers the SDA too small to run the program effectively.

At least two mid-sized States simply intended to use labor market area boundaries to designate SDAs and were fairly successful in implementing this decision except for existing municipal prime sponsors. However, several contiguous labor market areas were merged into large SDAs because of concern that smaller SDAs would not receive enough administrative money to operate a viable program.

One small State set up twice as many SDAs as it had prime sponsors. Its reasons may illuminate the reasons for proliferation of SDAs, which is more typical in medium-sized and large States than in small ones.

The expansion occurred primarily because the Governor and his staff felt that this was the most expeditious way to respond to rural political pressure, to form separate SDAs in the case of certain rural counties. These units were all administrative entities within the previous balance of State prime sponsor. They were also represented on the State JTPA council and all had access to the Governor's office. Some observers of the State employment and training scene suggest that at least a couple of these SDAs are really too small. But county lines are important political divisions here and consortium discussions have to deal with the questions of political jurisdiction.

In summary, the designation of SDAs protected existing employment and training interests while simultaneously reflecting important contours of State politics. With the partial exception of one urban prime sponsor, there was little encroachment on the turf of previous CETA prime sponsors. The new system and process did, however, foster the emergence of new SDAs in addition to old jurisdictional centers of employment and training power.

In this case, the Governor began with the intention of respecting the political independence of counties, which had been the source of their designations as individual BOS administrative units. In other States, both single and multicounty BOS administrative units had attained considerable independence of action under CETA. The reasons for this are diverse, but probably included the following:

- BOS units that were configured roughly along legislative district lines had independent voice in the State capitol.
- Strong county governments were well represented on BOS administrative planning bodies.
- Where BOS unit boundaries coincided with economic planning and review district boundaries, the counties' powers may have been reinforced by the A-95 planning and review process; that is, coalition building had been underway among these counties for more than ten years.

Two additional factors may have strengthened the hand of BOS units that sought to resist reconfiguration. One, was the strength of A-95 review districts. This is consistent with State planning and with the attempt to reconfigure JTPA boundaries along economic development district lines. It is also consistent with the economic development emphasis of JTPA at the State level.

States that had most systematically sought to coordinate education, employment, human services and economic planning and development, often did so by steadily increasing the coincidence of the boundaries of districts for community colleges, vocational-technical institutes, economic planning and review boards, CETA BOS administrative and planning boards, health care planning bodies and a variety of similar entities. The counties thus had a sort of "interlocking directorate" on these boards and, under strong county systems, this allowed these common multi-county units to more effectively resist some State efforts to substitute State plans for their local plans.

The second factor is that liaison personnel in some of the State BOS offices were accustomed to dealing with "their" individual BOS administrative units as if they were mini-prime sponsors for which the BOS prime sponsor had primarily technical assistance, audit, and compliance responsibilities.

An Associate from a State which seeking to reconfigure along planning district boundaries reports that:

> The structure of service delivery areas is based upon the boundaries of Economic Development Planning Regions. In some cases these planning regions are subdivided into smaller service delivery areas, but in no instance does an SDA cross the boundaries of a planning region. (Planning regions in existed prior to CETA.)

With the boundaries of the planning regions in place, the State took advantage of the old CETA network and reduced the number of administrative entities [by about one-fourth from the total of primes and BOS units].

Departures from the old CETA network represent a change involving a county which fails to meet the population requirement under the JTPA. Consider the following:

1. County A with a population of [less than 200,000] and County B, with a population of 400,000 were CETA primes and now constitute one SDA. The counties are contiguous and in the same Planning Region but do not share a common labor market. County B appealed for separate SDA status but the Secretary of Labor upheld the Governor's decision.

2. County C with a population of [over 200,000] was a CETA prime while County D with a population of [less than 50,000] was a part of the Governor's Balance-of-State. They are now one SDA and no appeal was initiated.

3. County E with a population of [over 300,000] was a CETA prime and County F (population less than 200,000) was a part of [a two county consortium]. Counties E and F now constitute one SDA. (The remaining county joined with three others in a SDA conforming to planning district boundaries.)

   County E has appealed its designation and is currently awaiting a hearing. (It) will argue that its SDA status is mandated by law, that County F does not share a common labor market and that [G], a smaller county in the same planning region, has received individual SDA status.

In another large State with a strong county system, there is a contiguous area of more than a dozen counties with a total population of less than 300,000. Nonetheless, this area had three BOS units, largely coinciding with its three community college districts, its three economic development and planning regions, and its three health care planning regions.

This area also has had a strong, bipartisan caucus in the legislature. Not surprisingly, these three BOS units survive as three SDAs.

In the same State, less powerful single-county or two-county BOS units lacking 200,000 population were forced to merge with contiguous CETA primes or BOS units. However, these small BOS units were rural areas, sandwiched between large metropolitan prime sponsors, and geographically isolated from other BOS areas. More than one former prime sponsor was strong enough to reject such merger proposals, and, for a time, it looked as though the old BOS counties were JTPA "orphans." Eventually, foster homes were negotiated, but this process caused substantial delays in designating PICs, grant recipients, and administrative entities.

In one large State, SDA designations boiled down to a battle between two different types of planning districts: the education districts (proposed by the Governor) and the economic planning and development districts. The resulting SDA configuration is quite revealing:

1. The metro-area prime sponsors all survived intact as SDAs; neither "district" rationale had much influence.

2. All economic planning and development districts that had been active in the councils of BOS units were able to make the SDA conform to the economic development district.

3. Counties remaining after the preceding two steps, were organized, as proposed by the Governor, along education planning district lines.

Typically, operators of urban prime sponsors resisted attempts by the Governor from consortia that would coincide with planning districts or with some other rationale for SDA boundaries.

In several States.these areas were the only CETA units in the State that had not conformed to other planning district boundaries.

Having failed to weld a city and more than half-dozen highly urbanized surrounding counties into a single SDA consortium, one Governor challenged the entities to work things out on their own. The result was one multicounty consortium, two single county SDAs (one of which is below 200,000 population), and a city SDA. The city's business community pushed the Governor's proposal of a single SDA with the mayor, who they consider to be a friend of business. But the city's largely black electorate and its political leaders, regardless of race, viewed this proposal as akin to gerrymandering, leaving the largely white suburbs in control. For similar reasons, one rarely finds a new SDA consortum that includes a large city which previously was its own prime sponsor.

At least two large States offered only technical assistance and mediation in development of SDA boundaries. State staff prepared voluminous analyses of allocations that would result from several "rational" SDA configurations based on labor markets and various planning districts. Regardless of whether or not the SJTCC expressed a preference for one plan, the next step was a series of regional and local briefings for officials, who were then to negotiate on their own. In these States, virtually every county or municipality (or group of contiguous municipalities) was designated if it applied and met the population minimum. Where local negotiating threatened to isolate a nonqualifying unit that had not been a prime sponsor, State staff and officials helped to negotiate its inclusion, usually as an add-on to an experienced prime sponsor. Several former prime sponsors that did not meet the 200,000 population criterion were certified as SDAs, rather than merged.

The staying power of both prime sponsors and BOS administrative and planning units in the transition to JTPA may be considerably underestimated by the finding that 49 percent of all SDAs are not identical to either type. Small States frequently wiped out former BOS units and attached them or their constituent counties or townships to prime sponsors. But these were also States in which some primes and virtually all BOS units would not have met the JTPA population minimum without mergers.

In mid-sized and large States, by contrast, both the larger BOS units and most prime sponsors resisted all but minor restructuring. Because CETA had not required that the BOS configuration be entirely contiguous, some one- or two-county BOS units were relatively powerless islands surrounded by powerful primes. Under JTPA they would have to be accommodated in a contiguous SDA. Almost by definition, the former prime sponsor could be expected to dominate the new SDA. Thus, although the tabulations show the result as a new entity, the former sponsor may, with some justification, view its position and powers as virtually unchanged.

BOS units that conformed closely to existing planning district boundaries sometimes survived because of the Governor preferred SDAs that also conformed to those districts. However, congruence between BOS unit and a planning district could also encourage county officials to view such multipurpose units as natural coalitions of the counties that could resist dismemberment by the State. Moreover, where small counties (which were not contiguous to a prime sponsor) had been sufficiently powerful to each be named a separate BOS unit, there is little reason to expect that the State will now succeed in promoting mergers where it failed under CETA's BOS prime sponsor powers.

Large, powerful prime sponsors have become large, powerful SDAs. Not all are identical to their old prime sponsor boundaries, but addition of a BOS county or two to the old prime sponsor was at least as common a reason for the change as the more publicized break-up of some CETA consortia. Similarly, many BOS units survived intact, and others simply swapped a county or two with a neighboring BOS unit to conform more precisely to planning district boundaries.

In summary, the number of SDAs appears to be the result from several factors. First, the increase from the number of prime sponsors is a function of the division of the old BOS units along BOS administrative unit boundaries and labor market areas. However, even larger number of SDAs would have been created except for rationalization of these areas to coincide with boundaries of economic development districts, planning districts, community college districts, and employment service districts. Another factor that held down the total number of of SDAs was a decision to add suburban or rural counties to existing prime sponsor areas. Finally, old CETA prime sponsors in metropolitan areas and in some politically powerful smaller areas survived intact even if they did not meet the minimum population requirement.

As a final point, recent court decisions (in Maine and Pennsylvania) indicate that SDAs with 200,000 population have a right to survive as SDAs, but not as independent entities. Further, they may be overruled by the Governor on "labor market" grounds. This may suggest that another round of SDA configurations may result for PY85.

3.2.2 Designation of Administrative Entities and Grant Recipients

Under JTPA, local elected officials and the Private Industry Council must agree on designation of a grant recipient and an administrative entity. The vast majority (81%) of SDAs[1] in sample States named the same organization, or two units of the same organization, as both grant recipient and the administrative entity. Units of local government or councils of government (and their constituent departments) took both roles in 50 percent of the SDAs, while the PIC or the consortium took[2] both in only 15 percent of the cases. Other entities taking the dual role included economic development or planning districts (6%), State agencies (4%), and miscellaneous other organizations (6%).

In an additional 6 percent of the SDAs, the PIC or the consortium was either the grant recipient or the administrative entity, while at least one role was taken by the development or planning district in an additional 3 percent of SDAs. The rest of the SDAs chose combinations of grant recipients and administrative entities that included such organizations as community colleges, community action agencies, universities, councils of government, local government, local school districts, and the Farmers Union.

---

[1] Information is available for 314 of 323 SDAs. All proportions are computed on the basis of 314.

[2] Because the term "consortium" appears in the names used by some PICs, 15 percent is the upper limit of PIC involvement in this role. Many consortia included in this count will probably consist of local elected officials. Only local observation can clarify this.

The prevalence of local elected officials and local government units as administrative entity and grant recipient stems from several sources. These include the following.

1. In several States the Governor or SJTCC (or both) insisted that these roles be taken only by entities which had the power to levy taxes. This insistence ranged from strong recommendations to an absolute requirement for SDA plan acceptance.

2. Existing prime sponsors, especially single jurisdictions, had long established fiscal and administrative systems in place, which the local elected officials were unlikely to want to change.

3. In most States, Associates report that the designation of grant recipient and administrative entry was considered to be an entirely local prerogative, subject only to the requirement of fiscal responsibility.

This pattern of designation of grant recipient and administrative entity responsibility infers that the financial liability issue was the determining factor in checking what otherwise might have been a rush by the PICs to take on one or both roles. However, State-level JTPA personnel often knew little about the reasons for these local choices, except in instances where substantial friction threatened to delay other transition activities.

The following account, from a large State which did not insist that the administrative entity and grant recipient be able to levy taxes, like most State-level views, tells us much about "who" did "what". Explanations of "why" will have to be sought at the SDA level.[3]

---

[3] A first report on an observation of SDAs during March 1984 will be issued in June 1984.

> The designation of grant recipients and administrative entities was regarded by the State as primarily a local prerogative, with its role limited to acting as a broker where conflicts arose. The smoothest transitions occurred where well established CETA prime sponsors were converted to SDAs with the same or similar boundaries. In the other SDAs there were many different patterns depending on the mix of former CETA players, local political alliances and rivalries, the assertiveness of the business community, and the strength of local community colleges.
>
> The former CETA entities showed considerable staying power in the new SDA-PIC structure. Although boundaries were often shuffled and PICs took over the policy role, many CETA actors survived the transition. Out of the prime sponsor organizations. It appears that [three-quarters] have carried forward in some way under JTPA -- either intact, with an expanded role, or a reduced role. BOS primary subgrantees also had a fair survival rate: [over 60 percent] continue under JTPA, usually as administrative entities.
>
> In some SDAs, community colleges have advanced as key JTPA actors. For example, in one SDA [the] college took over as both grant recipient and administrative entity; the old CETA office remains as grant recipient and the PIC is the planning entity -- an awkard compromise which strains available funds for administration. The College in another SDA -- a fourteen county SDA -- is the grant recipient and one of three administrative entities; two former BOS subgrantees continue under JTPA.
>
> The most protracted SDA organizational conflict occurred in a third SDA -- another 14-county SDA -- where the 14-county board chairmen split down the middle on whether to retain a former CETA subgrantee as administrative entity. The PIC wanted to name a completely new grant recipient and administrative entity. The dispute dragged on until late September and was finally resolved in a local judge's chambers, with the PIC agreeing to designate three administrative entities, including a former prime sponsor and a BOS subgrantee.

In one mid-sized State it was reported that the Private Industry Council simply wanted to avoid "all of the problems of setting up their own structures." All but one has designated the old State BOS agency as grant recipient and administrative entity

for all or most of their territory. Some hazards of charting an independent course in a time of transition are illustrated by this account of a Private Industry Council.

> The Private Industry Council [for this new city/multi-county consortium] chose to incorporate and be the grant recipient and also the administrative entity. It plans to subcontract all parts of the JTPA program from intake and assessment to program operation. This decision was greatly involved in politics. The State wished to be the grant recipient but was turned down by the Private Industry Council. The city wished to be the grant recipient and also program administrator but this was not acceptable to one County or to balance of another County. Since no agreement could be reached on allowing a unit of government to be the grant recipient the Private Industry Council incorporated itself. The Private Industry Council then asked the ES to submit a proposal for intake and assessment but this was turned down. The ES was not interested in operating part of a program. Thus far, the PIC has not gotten off the ground and has not yet spent any JTPA dollars. Indeed, it was not until the first week of January that the SDA was authorized to receive JTPA funds from the State. No participant has yet enrolled. The CETA carry-over participants were taken care of by the State JTPA staff through a separate subcontract. The Private Industry Council has had great difficulty in organizing and has just gotten a staff hired.

The following account, by an Associate from another State, is more typical of the situation in medium and large States.

> In essence, the [State's] requirements for grant recipients were that the entity must be duly organized and have the ability to assume liability either through a taxing authority, the purchase of liability insurance from non-JTPA funds, or sufficient assets to liquidate any liabilities. In general, the grant recipients are similar or identical to the CETA prime sponsor or administrative unit grant recipient. The administrative entities are designated by the Private Industry Council

> and the local elected officials. In general, the administrative entity is also similar or identical to that under CETA. This reinforces what was described (i.e., that only minor boundary changes were made in prime sponsor and BOS areas primarily in order to attach "orphan" BOS counties to an SDA): while the network appears to be different because of changes in detail, it remains substantially similar to the old CETA prime sponsor administrative unit network. I was told that 85 percent of the SDAs have the same basic management team as before.

Until the process study examines implementation at the SDA level, it is impossible to predict low staying power of CETA actors will offer programming decisions. Undoubtedly, some Private Industry Councils perceived their administrative entity and grant recipient designations as simply a prudent move in a period of rapid transition and uncertainty concerning liability issues, and will assert their influence primarily through the SDA planning and review process. Whether, and how, they seek to do this is one subject of our forthcoming preliminary report based on SDA-level observations.

Once again, an SDA-level observation is required to examine the degree to which Private Industry Councils are actually providing programming for specific segments facing special employment barriers (such as offenders or the handicapped) from 78 percent funds. The States are, thus far, practicing a laissez faire approach, perhaps simply advising SDAs that they should "be careful", or should be aware that the 10 percent is "not intended to be audit insurance." But there is very little, if any, guidance to SDAs to advising them how to use the money or how to avoid future disallowed costs.

3.3 State Title IIA Eligibility and Targeting

Eligibility requirements under JTPA are rather broad. The act gives substantial discretion to the States in specifying eligibility requirements and targeting. The Governor or the SJTCC can take several different types of actions to affect the targeting of Title IIA funds by SDAs. Some of these involve special incentives and requirements associated with the distribution of the Title IIA funds that must be set aside for specific groups (see Section 3.5). However, the State may also affect targeting of the bulk of Title IIA money. Thus, although none of the States in our sample actually added to the act's eligibility criteria, all but four sought to influence targeting in one or more of the following ways:

1. Establishing "priority groups" for service;
2. Requiring proportional service to "significant segments" of SDA eligible populations;
3. Applying local adjustment factors to the Federal requirement that 40 percent of Title IIA funds be spent on services to youths; and
4. Requiring that up to 10 percent of the SDAs' funds be expended for services to nondisadvantaged participants who faced substantial barriers to employment.

Three States informed the SDAs that services should be made available to specific target or priority groups. One large State developed a complex analysis of Statewide proportional representation of certain characteristics of the eligible population in order to arrive at its priority groups. These groups, in order of priority, were general assistance recipients, displaced homemakers and single parents, dislocated workers, the handicapped, disadvantaged youths and adults, and older workers.

However, neither this nor any other State setting priorities in this way required SDA-level standards of proportional representation in the participant population.

Naming priority groups without specifying proportional representation criteria can become a futile exercise. As one Associate reports:

> The following groups have been identified by the State:
>
> - At-risk youths including dropouts and potential dropouts;
> - Women and minorities;
> - Public assistance recipients;
> - Teenage mothers;
> - Older workers;
> - Displaced homemakers;
> - Single heads of households;
> - Offenders and ex-offenders;
> - Refugees;
> - Dislocated workers;
> - Others.
>
> The "others" category is the source of considerable embarrassment among the Governor's Professional JTPA Staff. It seems that the target groups were set at an SJTCC meeting and everybody wanted his/her pet group identified. The private sector members, realizing that the more groups identified, the less impact targeting would have, joined in suggesting groups. State JTPA doesn't even have a capability to measure some of the groups identified. And who knows what they mean by "others"?

Five State Councils took more concerted action to influence SDA targeting by requiring that services be provided to significant segments of the eligible population on the basis of their representation in the SDA's estimated eligible population.

This procedure, common under CETA, provides a target for the SDA and, usually, a permissable range of variation. For instance, one large State requires that services to dropouts and to welfare recipients be equal to at least 90 percent of their proportional representation in the eligible population. Two states require that each SDA serve welfare recipients in proportion to their representation in the SDA's disadvantaged population over the age of sixteen. Two others require that certain groups, specified by age, ethnicity, and gender, be served in proportion to their representation in the disadvantaged population. Some of these States also informed SDAs that their plans will not be accepted unless they have targeted additional groups, such as "at risk youths," or welfare recipients. More typical, however, was the following situation.

> No Title IIA target populations have been identified at the State level. In the instructions sent to the SDAs for developing plans, the only directions given with regard to targeting and eligibility were taken directly from the legislation. The Governor did not add any specific requirements on targeting and did not require serving a particular eligible group. The State has simply deferred to the SDAS during the transition period.
>
> This is likely to change to some extent during program year 1984. The State has simply informed the SDAs of their option to serve up to 10 percent of participants who are not currently economically disadvantaged but had taken no direct action on this issue. Neither has the State set any specific requirements on the 40 percent expenditure requirement for youth. At the SDA level, the SDAs did plan on the basis of the characteristics of participants but this was not done very carefully and my impression is that no real targeting took place at the SDA level.

A population adjustment factor to the 40 percent expenditure requirement to serve disadvantaged youth is another targeting action available to the States. Ten States exercised

this option, but only three used a straightforward application of the proportional youth representation formula. Other adjustments included:

- Lowering the 40 percent requirement on a Statewide basis;
- Treating youths like any other significant segment, with an allowable range of variation of 15 percent;
- Using an alternative formula in areas containing a significant college student population;
- Adjusting individual SDA expenditure requirements to still result in a Statewide rate of 4 percent; and
- Allowing individual SDA appeals from the adjustment results.

The Associates reported that SDA officials expressed both confusion and resentment to the State concerning the youth expenditure requirement. In at least one large State, the SDAs were still being told that it was unclear whether or not the 40 percent meant participants, rather than expenditures. And, in several instances, PICs wishing to emphasize OJT believed that youth expenditure goals directly conflicted with this service priority. The real effects of this requirement can only be observed at the SDA level. However, the State-level reports suggest that this will cause serious stress between the State and SDAs, especially if audit and compliance reviews focus upon this requirement.

One JTPA provision allows up to 10 percent of participants to be persons who are not economically disadvantaged, but have other barriers to employment. States may require or allow SDAs to develop plans to serve these groups. However, most individuals with special employment barriers are also economically disadvantaged. At current funding levels, this means that the

number of individuals who both face employment barriers and are economically disadvantaged is far larger than the number of available program training slots. Therefore, most State and local officials believe that considerations of equity do not require programming for the nondisadvantaged portion of this group. Possible exceptions include displaced homemakers and handicapped youths.

In light of these considerations, it is not surprising that virtually the only discussion of the "10 percent window" at the State level is concerned with the possibility that Federal auditors might disallow costs of programs for participants who are found to be nondisadvantaged. There seems to be a great deal of nervousness about the 10 percent window at the State level, but very little formal action. One State legislature has intervened to require that funds for the nondisadvantaged be "held back for unforeseen problems and expenses," and in another State, PICs are directed to hold back 5 percent of Title IIA funds. The only rationale that the Associates could identify for these actions involved "insurance" against eligibility audit exceptions, but State personnel deny that.

Other State actions regarding the 10 percent window cover a wide range. One State declared that each service operator should have its own 10 percent ceiling, and two States advised SDAs to specify the reason for admitting each nondisadvantaged participant on a case-by-case basis. (Only one of these seemed to be requiring this.) One State has confined its actions to admonishing SDAs not to spend 10 percent funds too fast, in case they can't recruit enough disadvantaged persons to "match" the nondisadvantaged ones.

3.4 Performance Standards

3.4.1 The JTPA Mandate

JTPA mandates outcome evaluations of State and local job training programs funded under the act. Under JTPA, the Secretary of Labor must set performance standards for evaluating the SDAs. Governors may vary these within their States based on objective criteria affecting local performance.

The establishment and application of performance standards is an important implementation issue for a variety of reasons:

- The law explicitly refers to the ultimate criteria of performance as, "the increase in employment and earnings and the reductions in welfare dependency resulting from participation in the program" (Section 106). This suggests that program impacts on participant earnings, employment, and welfare recipiency are the ultimate concerns in setting performance measures. Section 106 also implies that program impacts on participants should be evaluated in a cost-benefit framework: "The Secretary shall prescribe performance standards relating gross program expenditures to various performance measures."

- JTPA also sets rewards and sanctions associated with SDA performance. These may affect SDA and local program operator behavior, and on the selection of service providers. Six percent of Title IIA allotments is available for the Governors to provide incentive grants or technical assistance.

Including both rewards for superior performance and funds for technical assistance implies substantial discretionary authority for the Governor. Performance standards are also to be used as a source of sanctions by the Governors. Although the Governor is to provide technical assistance to programs which do not meet performance criteria, if they fail for a second year, he or she must impose a reorganization plan. This plan may restructure the PIC, prohibit using designated service providers, designate another entity to administer the SDA, etc.

- Performance standards might play an important role in the mix of program participants. Even under CETA, less than one percent of eligible persons participated in the program.[4] The JTPA eligibility requirements are even broader than those for CETA, and JTPA contains only limited targeting provisions. Under these circumstances, performance standards, especially if associated with meaningful and predictable rewards and sanctions, may substantially influence how program operators choose among eligible applicants.

- While performance standards are designed to assess program success at the national level, and measure SDA performance by the Governor, they may also have an important role in managing and evaluating JTPA programs at the local level. Section 107 specifies that the "primary consideration in selecting agencies or organizations to deliver services within a service delivery area shall be the effectiveness of the agency or organization in delivering comparable or related services based on demonstrated performance, in terms of the likelihood of meeting performance goals..." To the extent that the Governor and SDAs are concerned about meeting performance standards, they will attempt to devise appropriate incentives for lower-level service delivery entities.

---

[4] Kalman Rupp, et al "Eligibility and Participation Rates of Older Americans in Employment and Training Programs," RR-83-11, Research Report Series (Washington, D.C.: National Commission for Employment Policy, 1983).

- Although the Secretary of Labor is responsible for prescribing performance standards, the Governors have substantial discretion in the implementation of performance standards, and -- subject to certain limitations -- are permitted to use alternate methods.

3.4.2 Current Standards

Performance standards have been issued in two distinct phases:

- Interim standards for the nine-month Transition Year (October 1, 1983 to June 30, 1984); and
- Standards for the first full program year, PY84 (July 1, 1984 to June 30, 1985).

The Department of Labor issued interim standards for the Transition Year on April 13, 1983. These standards refer to seven outcome measures, four for adults and three for youths. DOL set numerical values for these standards at the national level. During the Transition Year the Governors allow individual SDAs to deviate from the national levels. DOL developed a multiple regression methodology to adjust performance expectations for individual SDAs based on variations in characteristics of persons who left the program and on local economic conditions. The Governors can use the Secretary's methodology or some alternative method of adjustment. Governors are expected to use performance standards to assess the SDAs and may reward good performance, but they may not penalize SDAs for failing to meet the interim standards. Governors were also allowed to determine the kind of information SDAs are required to report to the State to implement the interim performance standards.

JTPA also required that DOL issue longer term national standards and limits for variations from the standards at the Governor's discretion by January 31, 1984. The PY84 standards[5] are based on a methodology similar to the Transition Year standards. The PY84 DOL adjustment methodology (based on multiple regression analysis) can be used at the Governor's option. If he or she plans to use an alternative methodology, this alternative must be described in the State Services Plan. These standards are to be used as the basis of both rewards and sanctions as specified by JTPA, while the interim standards have only limited practical significance within the States. The significance of "longer term" standards is further underlined by the fact that (according to Section 106(d)(4)(A)) the Secretary may not modify performance standards more than once every two program years, and modifications are not to be retroactive.[6]

3.4.3 Status of Implementation in the States

During this phase of the study, information was collected both on the implementation of Transition Year standards and on the implementation of PY84 standards in the States. Because DOL had not issued PY84 standards by the end of the observation period (January 16, 1984), State-level PY84 activities were at an early implementation stage during the period covered by the field observations.

---

[5] Federal Register, Vol. 49, No. 22, February 1, 1984, pp. 4052-4056.

[6] DOL believes it beneficial to use initial JTPA results in establishing PY85 performance standards, rather than setting PY85 standards equal to PY84 standards, the latter being based on historical CETA data.

One of the twenty sample States had not yet established TY84 Title IIA performance standards. The remaining nineteen States did, and took the Secretary's model as a point of departure. Most adopted the Secretary's recommended methodology with no adjustments. Six States adjusted the model. These adjustments fall into three broad categories:

(1) Changing specific parameters. Four States adjusted to specific parameters. In most cases, the adjustments made the performance requirements easier to achieve. All four lowered the standards for average wage of persons who complete training and are placed in new jobs. Generally, the States argued that the Secretary's model predicted wages that were unrealistically high. In one State, for example, the model predicted a wage substantially higher than the average wage for nonprofessionals in that State. Each of the six other performance standards was adjusted downward in one of the sample States.

(2) SDA Waivers. Only one of the twenty sample States released SDAs from the requirement to meet standards. In this instance, the local PIC recognized only job placement as a positive termination in its youth programs and felt that the high predicted rate for positive youth termination would discriminate against their program. The PIC asked to be, and was, released from the requirement to meet this particular standard, but it remained in place for the number of youths expected to enter employment.

(3) Reduction of inter-SDA variation in performance standards. It was felt, in one sample State, that applying the Secretary's model produced unacceptably high variation in the predicted performance of the various SDAs, including several values outside the parameter limits. To address this situation,

a set of seven "conversion equations" was computed. These equations were designed to move the original ranges of values to the ranges bounded by the parameter limits, while retaining a certain proportionality between the values.

The field observations indicate that the States intend to be more active in designing and managing performance standards; active State involvement appears to be a function of learning and time. This is clear with respect to other performance standards beyond those suggested by DOL. Most sample States did not consider additional performance standards for the transition year. However, several plan to introduce them for PY84. Several States plan to follow persons after they leave the program. An example is job retention rate thirteen weeks after termination. One State is developing additional standards to measure the impact of JTPA on earnings and employment of participants. This methodology will use unemployment insurance wage base data to track persons after program completion and compare them with a control group.

Several recent developments confirm the study's finding that many States are interested in developing follow-up performance standards. For example, the National Governors' Association is providing technical assistance to States in developing their management information systems, largely to enhance their ability to develop performance standards and monitoring systems. Further, a fall 1983 survey of States conducted by DOL's Regional Offices indicated that many States collect followup data even though it is not required. A data collection system approved by the Office of Management and Budget (OMB) sets the minimum data that States must collect. This requires a measure of a person's status when he or she leaves the program. An optional DOL data collection

package including several follow-up measures, has been adopted in several States.

While there is substantial State interest in performance standards, measurement, and follow-up data systems, they are still in a learning period. Technical details of follow-up data systems, and performance standards in general, are still complex for State and local policymakers and evaluators. Present State interest is evidenced by the use of Title IIA six percent set-aside funds available to the Governors during the Transition Year. This will be discussed in Section 3.5.

3.5 Use of Set-Asides

The set-asides, described in Section 3.1, allow the Governor considerable discretion to shape JTPA programming. However, the Governors also may pass these funds through to the SDAs. This section focuses on the degree to which Governors reserve these funds for coordination and special programs, as opposed to supporting more decentralized planning by passing funds to SDAs.

3.5.1 The Vocational Education Set-Aside

Eight percent of a State's Title IIA funds are to be used for State coordination of vocational education programs. Within this set-aside, 20 percent can be used to coordinate programs and the rest is to be used for services to participants.

Governors acted in a variety of ways to distribute or target these set-aside funds. In many States the 20 percent maximum was reserved for coordination, although formal coordination plans may not yet have been developed. However, in the larger States, which had significant amounts of money to spend for this purpose, the Governor or SJTCC specified how coordination funds as well as the 80 percent designated for services were to be spent.

The set-aside was most commonly distributed by formula to SDAs, local education agencies, economic development districts, or some combination of these. Seven States, including four large States, used either the Title IIA 78 percent formula or some other need-based formula for these distributions. Where funds were passed through to local education agencies or other non-SDA entities, it was unclear how much control the PICs would eventually have over how the funds were used, and whether or not private vendors could be chosen. However, one large State established priorities for local expenditures requiring that 60 percent go to basic skills and 30 percent to school-to-work transition programs, leaving 10 percent for employer-specific training programs. It was predicted that in areas of the State which had formerly contracted with community-based organizations for classroom training under similar pass-throughs, only public entities would survive as service providers, since they have traditionally provided the training in basic skills and proper work attitudes.

Five States used mixed formula funding and competitive (RFP) methods to distribute the vocational education set-asides. These tended to be States where economic development was being stressed under JTPA, and where the State education agency, the vocational education agency, and the community college system were

jockeying to be recognized as the State's "lead" training agency for economic development. Once again, it is too early to tell how the PICs will use these funds.

Three sample States distributed the 80 percent portion of the set-aside designated for services (and, in at least one case, part of the 20 percent designated for coordination) on a competitive basis. Proposal or application procedures specified eligible recipients. One State specified SDAs, one specified a mix of local school districts and community college districts, and the third specified that any public education entity could apply. Although the procurement process was not yet complete, it was unclear whether funding would be available in every SDA or only in those with the best proposals.

Three other States turned virtually all of the set-aside over to a single State agency, one to the Department of Public Instruction and two to the State vocational education agency. In each case a single major target was identified for these funds: "world of work" activities in one State, training for prison inmates in another, and training for ex-offenders in the third.

Finally, two States were still engaged in internal planning and negotiation concerning both targeting and administrative control of the funds. In most States, the organizations that will actually spend these funds are just receiving them or have yet to receive them. Therefore, it is too early to observe actual program uses.

3.5.2 Older Worker Set-Aside

Three percent of the Title IIA allotment of each State is available to the Governors to provide for "training and placement of older individuals in employment opportunities with private business concerns" (Section 124). The Governors are encouraged to assist programs providing training for jobs in growth industries and jobs reflecting the use of new technological skills. Section 124 also specifies that economically disadvantaged individuals who are 55 years old or older are eligible for services funded from this set-aside.

The 3 percent set-aside provision of JTPA raises a number of issues. In the past, two major programs were available for the employment and training needs of older individuals: CETA and the Senior Community Service Employment Program (SCSEP) operating under Title V of the Older Americans Act of 1965. SCSEP was designed as a categorical program to provide services and part-time employment to economically disadvantaged older Americans. With one exception, no separate older worker projects were designed under CETA. Although eligibility requirements for CETA favored persons age 55 or older, they participated in the same CETA prgrams as did younger trainees.

Several studies have shown that older individuals were underrepresented in CETA programs.[7] It has been argued

[7] Barnes, W. 1978. "Target Groups." Chapter 3, in CETA: An Analysis of the Issues. (Special Report of the National Commission for Manpower Policy, No. 23), pp. 63-104. Washington, D.C.: Government Printing Office. Rupp, K. et al, 1983. "Eligibility and Participation Rates of Older Americans Employment and Training Programs." RR-83-11, Research Report Series, Washington, D.C.: National Commission for Employment Policy.

not conclusively demonstrated, that this resulted from differential treatment of older individuals by CETA, and that the "youth mandate" of CETA, coupled with a stress on placement, resulted in insufficient attention to older workers. Such concerns influenced the design of JTPA provisions concerning older workers.

Although JTPA offers wide discretion to the Governors in using 3 percent set-aside funds for a various purposes, two major patterns may be distinguished:

- The use of this set-aside for organizationally separate older worker projects, in a manner similar to the categorical separation of SCSEP programs from the rest of the employment and training system; and
- The use of the set-aside to ensure a minimum portion of older workers among Title IIA participants, without the creation of separate older worker programs. The formula-funding of set-asides to the SDAs may be consistent with this goal.

Only six of the twenty sample States decided to formula-fund all or part of the older worker set-aside money to the SDAs. In three of these States, only a portion of set-aside funds (70 to 85 percent) is formula-funded; the rest are used for administration at the State level or for model programs, or for both purposes. In one large State, for example, the money that does not go to SDAs is used for the following purposes:

- To fund older worker specialists at State Employment Services sites;
- For administration costs at the State Department of Labor associated with the 3 percent funds;

- To fund a newly established JTPA unit at the State Office for the Aging; and
- For model programs administered by the State Office for the Aging.

Most of the six States using formulas to distribute all or part of older workers set-aside funds are large. The formulas used vary, but the most frequently used indicator is the proportion of economically disadvantaged older individuals (55 years and over) in the SDA. Formula funding to the SDAs does not necessarily mean that the older worker funds would be channeled to the organization delivering the bulk of Title IIA services. In several States, older worker set-aside funds were formula-funded to the SDAs for the express purpose of supporting distinct older worker programs. In one State, some of the SDAs prepared RFPs and intend to fund older worker projects, while in other SDAs of the same State the older worker project will be integrated into the regular Title IIA program. That is, when older workers apply for JTPA they may be selected for either OJT or classroom training, but funding will come from the older worker set-aside.

In thirteen of the twenty sample States, the older worker set-aside funds are allocated through mechanisms other than formula funding to SDAs. In some additional States, part of these funds are allocated through the SDAs and another part through other mechanisms. One State had not yet determined how it would use the older worker set-aside funds as of January 1984.

All thirteen States clearly separated the organization of older worker projects from the Title IIA programs funded under the 78 percent portion that going to SDAs for general programs. Usually, an RFP process is used. In most cases, the Department of Aging, or a similar State-level agency, has total or partial

control over distributing funds, designing RFPs, awarding contracts, and monitoring direct service providers. Several States encourage or require the active involvement of Area Agencies of Aging (AAA). At least one State encouraged providers to coordinate with Title V (Older Americans Act), while another reported that a portion of older worker set-aside funds was formula-funded to AAAs, which were also recipients of Title V

The emerging picture is one of subtantial diversity, but a clear trend can be discerned. In most States, the older worker set-aside funds are used for distinct projects, rather than as resources for general Title IIA programs. This conclusion often holds even in States that formula-fund older worker set-aside funds to the SDAs.

3.5.3 The Incentive Grant Set-Aside

Six percent of Title IIA allotments is available for the Governors to provide incentive grants. According to Section 202(3)(B) of the act,

> [these funds] shall be used by the Governor to provide incentive grants for programs exceeding performance standards, including incentives for serving hard-to-serve individuals. The incentive grants made under this subparagraph shall be distributed among service delivery areas within the State exceeding their performance standards in an equitable proportion based on the degree by which the service delivery areas exceed their performance standards. If the full amount . . . is not needed to make incentive grants under this subparagraph, the Governor shall use the amount not so needed for technical assistance to service delivery areas in the State which do not qualify for incentive grants under this subparagraph.

The inclusion of both rewards for superior performance and funds for technical assistance appears to grant substantial discretionary authority for the Governor in distributing the incentive set-aside funds. During the Transition Year, Governors were permitted to use performance standards to assess the SDAs and reward good performance, but they could not penalize SDAs for failing to meet the interim standards. This policy reflected a recognition that the Transition Year was a truly transitional stage. State use of incentive set-asides during this period may well be a reflection of uncertainties as to the relevance and interpretation of performance as measured by the interim standards. However, the PY84 standards are to be used as the basis of both rewards and sanctions as specified by JTPA.

The interest of the States in the development of reliable performance standards is evidenced by the use of the incentive set-aside funds during the Transition Year. Nineteen of the twenty sample States used these funds for some form of technical assistance, either exclusively or along with other uses. In half of the sample States, the development of management information systems (MIS) was explicitly mentioned, including both the development of Statewide MIS and technical assistance to the SDAs in developing their own MIS. The development of other Statewide information sources, and research specifically aimed at performance standards, was listed as a goal in seven of the 20 sample States.

Not surprisingly, less than a quarter of the sample States planned to use funds from this set-aside for the purpose of incentive payments during the transition year. Like the Federal government, the States feel that there is not a sufficient amount of information to reward good performers during the Transition Year.

A quarter of the sample States plan to use incentive set-aside funds for targeting toward the needs of hard-to-serve groups. For example, in a large State, 57 percent of the incentive set-aside funds are to be allocated to SDAs for programs for offenders, veterans, the handicapped, older workers, and public assistance recipients. Another large State allocated 44 percent of incentive funds for SDA projects that prepare public assistance recipients for employment. This State stresses coordination with existing services of social services departments and the Employment Service. In another State, 25 percent of incentive funds is to be used for programs jointly funded by the State and the SDAs to serve high-priority populations. Another 35 percent is to be used as incentives to SDAs that exceed the target for special populations. One Midwestern State supports a displaced homemaker program with incentive funds.

Only a fifth of the States allocated their incentive funds to the SDAs through a formula, and some of these allocations are in a planning stage only. However, in more than half of the States, some portion of the incentive money is received by SDAs. Often, SDAs receive these funds through a competitive process, or as incentive grants. In some instances a portion of these funds are allocated to SDAs for specific purposes, and a formula may be used in allocation. The most widespread use of inventive funds by SDAs is technical assistance although some States use them for model programs, or for economic development programs.

The use of the incentive funds appears to demonstrate an intriguing link between performance standards and targeting in a number of States. A widespread concern about JTPA is the potential for "creaming" that arises from broad eligibility requirements combined with a stress on performance standards. It

is still too early to reach any definite conclusions, but we find remarkable the widespread use of incentive funds to promote training for various disadvantaged population subgroups. At least one State is using these funds to benefit older workers, who also benefit from the 3 percent older worker set-aside.

These observations, drawn from an early phase of JTPA implementation, suggest that the State use of incentive funds is quite diverse. It is likely that the proportion of funds used as incentive grants will increase in PY84 and beyond. Variations among States in the use of incentive funds are likely to persist. The implication is that even if the measurement of performance may have a common national framework, the actual incentives to meet the standards will vary by State, especially given the widespread use of incentive funds for the promotion of certain targeting goals by some States.

3.5.4 State Use of the Five Percent Administrative Set-Aside

Thirteen of the twenty sample States had only general plans for the using the 5 percent set-aside designated for administration. Typically, these plans included hiring staff for the SJTCC and the State administering agency auditing, technical assistance, management information systems and liaison with SDAs.

Three States planned to use part or all of the set-aside to assist "employment generating activities" and economic development. While two of these States retained control of the funds, one passed them through to SDAs on the basis of a competitive procurement process.

Of the remaining four States, two were funding model programs or special outreach for veterans; one planned to fund a model program for the handicapped; and two planned to supplement the staff budgets of one or more SDA's.

3.6 JTPA-Related Changes in State and Local Laws and Regulations

Half of the sample States have enacted or are about to enact legislative changes to implement JTPA. Many of these changes involved technical matters related to compliance with State rulemaking procedures; formalization of the roles of the Governor, the Council and the legislature in JTPA planning, oversight, and review; and the need for legislative authority to hire staff and spend funds. As noted in Chapter 2, although a number of States reorganized or consolidated State agencies, this was often accomplished through an executive order. More complex legislation was enacted only in a small number of States, primarily the large ones.

In four States, the legislature formalized its role in JTPA. Two of these established a legislative oversight committee responsibility, one of which requires legislative review of all SDA plans and the Governor's State Plan.

Three States changed legislation or regulations that would have ended benefits to welfare recipients (both AFDC and general assistance) or unemployment compensation claimants who participate in training.[8] Other changes in State laws and regulations appear, so far, to be idiosyncratic.

---

[8] This is not to say that these were the only States in which such conflicts occurred. Later observations will be directed at the effects of such rules on participation where they have not been changed.

As one Associate from a western State reported:

> No changes in State laws were required to implement JTPA. However it is clear that in this State . . . a series of economic and employment motivated laws has been enacted in response to the recession. These included: consolidation of the State CETA operator and the ES into one department; expansion to a State-wide displaced homemaker program, using State funds; passage of a legislative package to encourage economic and industrial development; consolidation of various economic development and business promotion activities; and phasing out the old State poverty agency.

Initiatives originating with the legislatures have resulted in each of the following JTPA-related laws or regulations being promulgated in at least one State:

- Monthly, instead of quarterly, reports by SDAs to the State.
- A resolution calling for all certification and intake to be performed by the Employment Service.
- A requirement for local public hearings for all SDA plans prior to their submission to the Governor. Plans submitted must include summaries of opposition and other testimony and justification of any lack of response to the concerns expressed.
- A requirement that no less than half of the 8 percent education set aside be spent on students who are one or more grade levels behind their peers or who are high school dropouts.
- An authorization for an advisory council on displaced homemakers and appropriation of State funds for a displaced homemaker pilot project.
- An amendment to State conflict of interest laws to allow PIC members to recuse themselves on individual votes, instead of barring them from PIC membership, if there could be a potential conflict of interest on PIC contracting activities.

Other legal issues which may result in future changes were mentioned by the Associates. These include:

- Possible revision of work requirements and job availability requirements for public assistance registrants. This is shaping up as a turf battle, where a Department of Social Services seeks to constrain the role of the Employment Service in AFDC work and availability determinations, so that recipients who enroll in training will not be sanctioned.

- Regulations clarifying how the income of adult children with whom an older worker resides will be treated for purposes of determining JTPA eligibility.

- Legislation to establish child care services for JTPA participants.

Because many States administer public assistance at the the county level, the strains among Departments of Human Services, the Employment Service, and local governments may not yet be evident at the State level. Scattered evidence suggests that there will be three categories of problems with which SDAs may have to wrestle, and with which they may have to seek assistance from the State:

- Mandatory WIN registrants who lose their benefits if they enroll in training.

- Local mandates which require general assistance applicants to be enrolled in JTPA.

- The treatment of work experience income and need-based payments to youths in calculating whether a young persons' family is eligible for AFDC. Current rules imply that such payments to youths could result in benefit reduction or termination, and are seen as a disincentive to enrollment.

3.6.2 Other Implementation Issues

A series of questions were addressed to the Associates in the first phase of the study concerning other issues that arose in the implementation of Title IIA programming. These had to do with the limitations on expenses for support services, work experience and administration, the ban on the use of public service employment as a programmatic element and the limits on stipends and allowances. In almost all cases, the responses of the Associates were short, began with phrases such as "although it is too early to tell, perceptions of people at the state level were," and ended with "nothing definitive can be said about this without observing the program at the SDA level." Obviously, both the timing and the fact that the observation was at the State level prevented the development of any conclusions on these subjects. Therefore, an analysis of these issues must await the results of the SDA level observation.

4. JTPA TITLE III DISLOCATED WORKER PROGRAMS

4.1 Introduction

In response to structural changes taking place in the American economy, Congress provided in JTPA's Title III for special program assistance for dislocated workers. Since the Area Redevelopment Act and the Manpower Development and Training Act (MDTA) of the early 1960s, training has been used to some degree as a way to help dislocated workers regain employment. The new JTPA Title III, however, goes beyond earlier retraining attempts.

The consensus during the early development of MDTA was that even during periods of high unemployment there were as many vacant jobs as there were unemployed persons. Therefore, it was in the national interest to retrain technologically displaced workers to meet the country's demand for an increasingly skilled work force. This premise fostered the growth of job training programs that featured on-the-job training for jobless workers and various programs to upgrade the skills of employed workers. This strategy, it was argued, would allow the recently displaced worker to gain the necessary job skills to re-enter the labor market and facilitate upward mobility for the employed worker "at risk" of being technologically displaced.

The strategy behind Title III of JTPA is to provide training and employment services to a group of workers from this country's basic industries, many of whom have permanently lost their jobs due to plant closings and technological changes. Although many in this group have held high-paying jobs for many years, the skills learned in those occupations were, by nature,

narrowly defined and not transferrable to occupations with similar wage rates. This fact has implications for the nature and mix of services that program operators provide for persons eligible for Title III programs.

A second difference between JTPA and MDTA is that the latter was viewed as a national training effort and was managed at the Federal level. The Federal Government funded, but did not coordinate, individual projects at the State and local levels. Title III was written with the intent to shift a major part of management, coordination, and oversight responsibilities to State and local levels. Two major premises led to this approach. The first was that the dislocated worker problem requires customized employment and training services tailored to the needs of the dislocated worker and the labor market area. The second was that State and local officials know more than Federal officials about their jurisdictional employment problems and should have greater discretion to develop the necessary strategy for treating them.

Title III gives the States significant authority over how the program is planned and administered, how the resources are distributed, who is served, and what services participants receive. In short, flexibility is a key feature of the Title III program.

4.1.1 Allocation Provisions for Title III

Federal funds for Title III programs are allocated in two ways, which differ in their requirements for State matching funds. The principal allocation method, by which at least 75 percent of the funds are distributed to the States, is a formula allocation to each State based on three factors: (1) the State's

relative share of the number of all unemployed persons; (2) the State's share of the number of unemployed persons in excess of 4.5 percent of the State's labor force; and (3) the State's relative share of persons unemployed for longer than fifteen weeks. The States must match these Federal funds with an equal amount of nonfederal public or private funds, but the amount of this required match is reduced by 10 percent for each percentage point that the State's average unemployment rate exceeded the average unemployment rate for all States in the prior fiscal year.

Under the second allocation method, the Secretary of Labor can allocate up to 25 percent of the Title III funds at his discretion. States apply for these funds to meet special needs beyond those that can be met from the formula allocation. No State matching is required for grants from this discretionary fund.

4.1.2 Sources of Title III Funds

Funding under Title III started in Fiscal Year 1983, in part under a special Emergency Jobs Bill (P.L. 98-8) appropriation, before other parts of JTPA were made operational. As of early 1984, almost $180 million had been allocated to the States (see Table 4).

Table 4. Funding Sources of Title III

Source	Announcement Date	Dollars	Percent Of Total	Cumulative Percent
FY83 initial allocation (formula)	Feb. 2, 1983	$18,750,000	10.4	10.4
EJB (formula)	Apr. 1, 1983*	63,750,000	35.4	45.8
FY83 discretionary (JTPA and EJB)	Sept.7, 1983	26,776,361	14.9	60.7
TY84 formula-funded portion	Oct. 1, 1983/** Nov.15, 1983	70,687,500	39.3	100.0
TOTAL		179,963,861		

*Approximate date
**2/9ths of the funds were made available on Oct. 1, 1983, 7/9ths of the funds were made available around Nov. 15, 1983 (approximate date). Note also that final allocations were lower than the planning figures announced on April 20, 1983.

Organizational and Policy Issues

Coordination, private-sector involvement, and performance of Title III funded activities are expected to emerge as primary issues as each State's administrative and oversight procedures mature. This report, however, covers State organization and allocation decisionmaking in the early period. Later reports will consider the other issues.

Early State activities to launch Title III differed in notable ways from Title IIA start-up. First, as mentioned

earlier, the States are subject to only a few constraints[1] in designating target groups and eligibility criteria, determining service mix, and choosing service providers. Under Title IIA, these decisions are made by SDA officials. Second, States may allocate Title III funds within the State on any basis they choose; they are not required to channel these funds to SDAs or to any particular political entities. Third, in a number of States, the legislature must appropriate State funds for the required match, so legislative delays may affect the timing of Title III start-up.

Field Associates were asked to provide information on the following questions related to Title III:[2]

- What organizational patterns are emerging for the delivery of Title III services?
- Does State organization vary in significant ways?
- What kinds of incentives, disincentives, and legislative preferences and prohibitions were built into the institutional mechanisms and delivery systems for Title III services?
- How fast has the build-up of Title III projects been? What has facilitated or impeded the build-up of Title III activities?
- How have States dealt with the matching requirements for the formula-funded Title III allocations?

---

[1]All Title III programs, other than those operating on a Statewide or industry basis, must be submitted for review and recommendations by the PIC and the elected officials of any SDA in which they operate (Sec. 305). Further, full consultation must take place with a labor organization before a Title III program provides services to a substantial number of its members (Sec. 306). Also, the Statewide coordination plan must address Title III activities.

[2]A separate report covers project selection, program operations and program descriptions for all fifty States. See Wayne M. Turnage, Robert F. Cook, Ronna J. Cook and Associates, The Organization of Title III of the Job Training Partnership Act in Fifty States, Westat, Inc., April 1, 1984.

4.1.3 State Allocation of Title III Funds

The many allocation strategies available to decision-makers, combined with varying State interests regarding the distribution of Title III funds, were expected to produce several different allocation policies. At one extreme, the States could simply allocate all Title III funds to the SDAs on the basis of a State formula. At the other extreme, they could fund a single site or an industrywide program to serve a narrow target group of eligible persons. Between these two extremes were many options for targeting funds to particular geographical areas, industries, or individuals. Five patterns have emerged:

- Title III projects were selected through a competitive RFP process (Statewide coverage is possible but not guaranteed).
- Title III funds were channeled by formula to some targeted SDAs or counties.
- Statewide agencies or organizations were selected, through an RFP process, to operate Title III projects as a Statewide program.[3]
- Following the targeting of specific areas, Title III projects in these areas were selected on a project basis or through an RFP process.
- Statewide projects were established through a noncompetitive process.

---

[3]Regulations prohibiting or limiting SDA involvement as program operators varied from State to State.

4.2 Organization of Title III on a Project Basis

An RFP/project arrangement was the most popular mechanism for organizing the delivery of Title III services; it was used by thirteen of the twenty States (see Table 5). Seven of these thirteen States targeted specific areas for the projects. To make sure that the private sector plays a major role and that the State coordinates its programs with SDA activities, JTPA requires that a private industry council and local elected officials be given 30 days to review and make recommendations on Title III programs organized on a project basis operating in their geographic area. This increases the attention to coordination and vertical communication, but also lengthens the decisionmaking process.

While methods varied slightly from State to State, the typical process in States using an RFP to select projects can generally be described as follows:

- Proposals are solicited by an agency in the executive branch of State government, such as the Department of Labor or the Economic Development Department.
- Title III staff, SJTCC, and a management unit from the Governor's office review proposals internally.
- Projects are selected and the PIC and LEOs from project areas are contacted for review and recommendations.
- PICs and LEOs send comments on proposals back to the relevant agency in the executive branch.
- When a consensus is reached, the proposals are sent to the Governor's office or the SJTCC for approval.

Table 5

Organization and Operational Status of Title III Funding Commitments in 20 States, Mid January 1984

Total FY '83 and TY '84 Title III Formula and EJB Funds = $87,255

State	*Allocation Mechanism	Project Operational Status: Percent Formula Funded	Percent of Allocation: Start-Up No Enrollees	Percent of Allocation: Operating	Percent of State's Allocation Reserved For Contingency	Percent of State's Allocation Not Obligated
1	1	-	67.4	10.6	-	22.0
2[1]	4	-	35.5	62.2	2.3	-
3	2	-	.6	99.4	-	-
4	4	-	14.5	19.7	-	65.8
5	2	-	9.7	31.0	-	59.3
6	1	-	92.8	-	-	7.3
7	2,5,6	40.6	-	12.6	-	46.7
8	2	-	14.9	21.2	-	63.9
9	2	-	9.2	32.8	-	58.0
10	1	-	-	44.9	-	55.1
11	3	-	-	54.1	-	45.9
12	4	-	-	100.0	-	-
13	2	-	11.2	28.0	-	60.9
14[2]	1	-	15.4	84.6	-	-
15	4	-	-	-	-	100.0
16	1,5	40.0	-	-	-	60.0
17	2	-	-	-	-	100.0
18	4	-	-	100.0	-	-
19	4	-	-	42.7	-	57.3
20[3]	1	-	26.4	8.1	3.5	61.9
Total by Status (thousands of $)		$4,185	$16,727	$32,072	$85	$34,186
Percent of Total Funds by Status		4.8%	19.2%	36.8%	.1%	39.2%

*Categories for Allocation Mechanism are:

1 = General RFP process (Statewide coverage not guaranteed)
2 = Project basis for specified areas
3 = Statewide RFP
4 = Statewide Non-RFP
5 = Formula-funded to specific SDAs/Counties (area targeting)
6 = Formula-funded to all SDAs/Counties

[1] The figures include $490,000 in State cash allocations for match.

[2] This State did not stipulate that SDAs could not apply. However, none of the program operators were SDAs.

[3] These figures include $200,000 in State cash allocations for match.

In the seven States that targeted specific areas for receipt of Title III funds while using a project approach to deliver Title III services, the overriding concern was that limited funds would reduce the number of persons who could participate. These States felt some form of area targeting was warranted to ensure the largest possible impact.

Despite this concern, only three of the seven States employed a formula to identify those areas "most in need" of Title III services. The other four either made an implicit effort to spread the money across certain areas believed to have large numbers of dislocated workers, or tried to target particular areas where there had been plant closings. The three States applying formulas used the following criteria to select the target areas: (1) a sudden rise in unemployment; (2) plant closings; and (3) major equipment changes in plants resulting in actual or potential layoffs that provide an occasion for training and job development. These criteria clearly indicate a focus on the unemployed worker with a recent attachment to the labor force.

4.2.1 Key Actors in Title III Decisions

The roles of key actors varied. In some States projects were selected and approved by a strong SJTCC while the local PIC had a purely advisory role. In one State, the PICs had the power to approve projects. In most States, however, the ultimate power of project approval rested with the Governor's office. In ten of the thirteen States operating on a project basis, the Governor's office was the dominant actor. As noted earlier, there is a strong economic development aspect to the use of Title III funds. The significant flexibility regarding the use of the money, combined with the Governors' need for funds to

develop their economic policy agendas, has led to a very active role for the Governors' offices in distributing Title III funds.

Because only a short time elapsed between the phasing out of CETA and the beginning of JTPA, it was anticipated that many States would avoid the cumbersome application review process by either establishing Statewide programs or by using formulas to distribute funds to the SDAs. The latter strategy might ease the burdens associated with launching a new program and also has the potential to expedite the expenditure of funds during the first year of operation. However, most States chose a project basis for allocating Title III funds.

Several significant advantages seem to be associated with organizing Title III on a project basis. Eight of the thirteen States using this approach are large industrial States with severe pockets of unemployment. Such States benefit most from having the discretion to target Title III services to areas with particularly high unemployment rates or specific plant closings. Statewide programs might not serve the appropriate population, and resources might be spread so thin that programs would be ineffective. Further, while the application review process is cumbersome, the grant recipient, who presumably is most familiar with the local situation, can be given much of the responsibility for developing program goals, outreach and targeting strategies, and service mix.

Perhaps the greatest advantage of the project allocation method is its adaptability to what one State official referred to as the "bottom-up" approach to planning. As mentioned earlier, to comply with Sections 305 and 306 of the

legislation, the States submitted Title III proposals for review and recommendations to the local PIC and LEO, and consulted with the appropriate labor organizations. A few of the fourteen States carried out these consultations merely to comply with the law, not to seriously seek input. However, most of the thirteen States operating on a project basis viewed the process as an opportunity to incorporate local SDA expertise and cooperation without relinquishing control of Title III funds. As one of the Field Associates remarked,

> The proposal application review process relied heavily on the SDAs and PICs for proposal review. . . . Because the generation of projects is from the bottom up, the resulting selection reflects local targeting.

Another Associate observed,

> The State's view is that the local SDAs-PICs are the best equipped and most knowledgeable to formulate projects to meet the needs in their respective areas and to maximize training-placement outcomes.

4.2.2 Statewide Title III Organization

Seven of the twenty sampled States decided to operate a Statewide Title III program. This approach makes it unnecessary for a State to meet the notification requirements in Section 305 of Title III. While the intent of this section of the law is unclear, its effect in States establishing Statewide programs was to centralize planning and decisionmaking for Title III. There was minimal PIC and SDA involvement at this level, and it never materialized in a few States.

The staff from the Governor's office, the SJTCC, and the Employment Service were the most visible actors in Title III organization among the seven States. In one State, a consortium of six agencies was organized to work with the SJTCC to develop a Statewide approach to the dislocated worker problem. In another State, the SJTCC worked closely with the Economic Development Department to develop policy direction for Title III funds. In still another State, Title III planning was handled by the State Employment Service.

Unlike the thirteen States operating on a project basis, these seven States have smaller populations and, for the most part, are dominated by natural resources based industries, such as mining and agriculture. Such industries usually feel the impact of a recession after most States, but also take longer to recover. State officials were concerned that many of the workers in these industries would exhaust their unemployment benefits before returning to the labor market. Even after recovery, many dislocated workers may not be able to return to their former jobs. Officials in these States believe these conditions require the development of a comprehensive human service strategy implemented through a network of State agencies. A local or decentralized approach is not feasible, State officials believe, because of the "limited capacity of local agents."

These Statewide programs were organized in several ways. One State established three major regional centers with eleven "satellite" units throughout the State. The three centers offer multiple services through their satellite operations. The Field Associate in this State noted, "the concept is regional treatment of a regional problem." The SJTCC in another State approved two Statewide projects; one involved a consortium of State agencies represented on the council. Each agency has

branches across the State that serve "the entire area and the State's whole population." In a most unusual organization of Title III funds among these seven States, one State allocated more than 93 percent of the Title III JTPA funds to the employment and training unit of the AFL-CIO. The Associate noted that the State appears to use a definition of the dislocated worker that relates to the traditional and heavily unionized mining or resource-based industry.

Although a Statewide program provides the States greater control over Title III funds, it also places most of the planning burden at the State level during the first fiscal year. Under CETA, new planning bodies focused their early efforts on allocating and spending funds at the expense of program planning and coordination. While this represents less of a problem when the program is designed largely at the Federal level, it can cause special difficulties with a piece of legislation as flexible as Title III.

An example of this can be found in the targeting plans among the seven Statewide programs. Although four of the seven States plan to target the program to a special group of dislocated workers, only one established such criteria during the start-up phase of the program. The remaining three programs are providing services without an effective mechanism for identifying those workers determined to be the most needy -- a particular problem when operating a Statewide program.

4.2.3 Formula Funding For Title III

Although distributing Title III funds to SDAs by formula reduces the need for planning at the State level, only one State chose this strategy. Using the exact formula that DOL

employed in allocating Title III funds to the States, this State passed on 40 percent of its Title III allocation to the SDAs. A second State allocated 75 percent of its FY83 and EJB allotment to selected counties, and planned to distribute TY84 funds by formula to all counties in the State.

As discussed earlier, the other States in the sample rejected this type of allocation approach for reasons related to the control of Title III funds. Using Title III funds for economic development is not consistent with turning over the money to the SDAs. While SDAs can identify and respond to their particular problems, State officials can do little if they disagree with the local plans. This occurred in the one State formula funding Title III monies to the SDAs. State officials expected the PICs to apply geographic and population targets within the SDAs. However, the local PICs felt the dislocated worker program was area-wide and decided against such targets. The officials were dissatisfied, but the only action available was a "review of the situation for program year 1984."

4.2.4 The Role of the Private Sector in Title III

The private sector can be involved in Title III at both the State and local levels. At the State level, where plans are formulated and projects selected, the SJTCC and in some cases the local PICs can play a significant role. On the local level, the States must involve the PICs in efforts to identify local job opportunities, eligible populations, and training opportunities. Further, PICs and other private organizations can be program operators for Title III services.

Private-sector involvement at the State planning level apparently was weakened by the Governors' decision to control Title III planning. The strong role played under Title IIA by the SJTCC (which, as noted earlier, had significant private-sector representation) was essentially eliminated for Title III in all but four of the twenty sampled States. One State bypassed the SJTCC by organizing an interagency task force to plan Title III activities. The Governor's Job Training Office or JTPA Title III staff assumed many responsibilities that might have been handled by the SJTCC. In the four States where the SJTCC maintained a role, it had a purely advisory capacity in one State and significant authority for selecting Title III projects in three States.

The involvement of PICs in planning Title III services varied with the allocation mechanism used to organize the Title III delivery system. As expected, PICs were most heavily involved in those States organizing Title III on an RFP/project basis. In five of the thirteen States operating on this basis, the PICs were able to parlay the thirty-day communication and review period into an aggressive planning role. For example, in one State, the PIC was responsible for proposal solicitation and approval. In another State, the PICs provided the data for targeting specific projects and influenced the project selection process. In only two of the States operating on a project basis was the PIC role thought to be passive.

PICs were not involved in Statewide organizing of Title III. These States were exempt from the communication requirement mentioned earlier, and established State planning bodies. Although one State operating a Statewide Title III program allocated over 90 percent of the funds to a labor organization, there is little evidence to suggest that this was influenced by PIC involvement in State planning.

The private sector was most heavily involved in Title III at the local or service provider level. Twelve of the twenty sample States used various labor organizations, local PICs, unions, or a combination of these to operate Title III programs. Three of the eight States that did not use private or labor organizations to implement Title III programs nevertheless solicited their services in an advisory capacity to "oversee local program implementation."

Two factors seem to account for the absence of private-sector involvement at the local level.[4] First is the use of a State-level interagency task force. Such committees attempt to operate the program through a consortium of agencies, avoiding the need for formal participation of outside organizations such as labor unions. The second reason seems to be a lack of interest among private-sector organizations in the area. Two States indicated that labor organizations showed no interest in a role as service providers or as members of an advisory board. One Associate noted,

> The State is deeply interested in receiving support from private-sector management representatives as well as support from union officials. This has met with limited success. The normal adversarial relationships between those two entities has made this type of support difficult to obtain. In addition, the economic conditions normally surrounding Title III activities (i.e., declining industries) . . . has increased the difficulty of obtaining such support.

In another State, the major labor organization did not want any part in administering the Title III funds, though it was concerned with how the State used the money.

---

[4]The possibility exists for non-private operators to work directly with labor unions or other private organizations. However, the level of observation in this analysis does not permit a discussion of this.

In summary, there has been limited involvement of the private sector in the State-level organization of Title III. State-level planning has been concentrated mainly in the Governor's office, while the SJTCC have played little role in this program. PIC involvement in the Title III organization varies by the State's choice of method for organizing Title III; they are more involved in States that use the RFP/project approach and less involved in States that run programs. At the local or service provider level, private-sector involvement has usually been substantial.

4.3 Target Population

While JTPA specifies broad national eligibility requirements for Title IIA, it gives the States more discretion in determining eligibility for Title III services. The most striking difference between the two titles is that economically disadvantaged status is an eligibility requirement for Title IIA (although up to 10 percent of Title IIA participants may face barriers to employment but may not be economically disadvantaged), while disadvantaged status is not a nationally established eligibility requirement for Title III programs. In other respects, however, Title III appears to be intended for narrower population groups than Title IIA. Section 302 of the law authorizes the States to designate eligible groups from among those who:

> (1) have been terminated or laid off or who have received a notice of termination or layoff from employment, are eligible for or have exhausted their entitlement to unemployment compensation, and are unlikely to return to their previous industry or occupation;

(2) have been terminated, or who have received a notice of termination of employment, as a result of any permanent closure of a plant or facility; or

(3) are long-term unemployed and have limited opportunities for employment or reemployment in the same or a similar occupation in the area in which they reside, including any older individuals who may have substantial barriers to employment by reason of age.

These provisions in effect restrict Title III eligibility to the unemployed who have job experience. They thereby exclude new labor-force entrants and welfare recipients with little employment history, two groups that form a prominent part of the population eligible for Title IIA. The legislation focused Title III on the needs of those affected by plant closings and mass layoffs, and the long-term structurally unemployed. Many of these are older individuals with substantial job seniority. Once they are unemployed for several months, they may face serious financial difficulties. However, many have an employed spouse and, therefore, may not qualify under Title IIA as economically disadvantaged.

Persons exhausting their unemployment insurance (UI) benefits are specifically mentioned as a target group. Stress on these unemployed persons is reinforced by Section 306, which specifies that UI benefits to an individual may be a source of non-Federal match.

JTPA also suggests that States might target "substantial" groups of eligible individuals. Such targeting may be geographic, occupational, industrial, or along other lines, and may result in projects designed to serve these groups, rather than providing blanket coverage to individuals deemed eligible on a Statewide basis.

Targeting by States is made easier because the Federal allocation rules target Title III funds to States with high unemployment rates. Except for the Secretary's discretionary funds, Title III funds are allocated to the States based on a three-part formula, all three parts of which refer to various dimensions of the unemployment problem in the States. Thus a State that chooses to target Title III funds to areas of high unemployment within the State presumably can provide a meaningful share of its funds to such areas. Under Title III, however, within-State targeting of funds is entirely at the State's discretion.

Title III targeting is further influenced by the 30 percent limit on supportive services, wages, stipends, allowances and administrative costs which does not apply to the Secretary's discretionary fund or to the State match. This gives the States wider discretion than in Title IIA, where stricter limits on support services and administrative costs may exclude certain types of programs and groups of potential participants.

How did the various States use these opportunities for an enhanced role in targeting? The major issues include the following:

- Did the State add any Statewide target groups to the list identified by the act?
- Did the State apply priorities in terms of geographic areas, industries, occupations, etc., with indirect effects on the population served by Title III?
- What is the role of actors on the State and sub-State levels in Title III targeting? Are projects selected by State-level targeting, or is State-level targeting simply the result of targeting at the project level? Are eligibility requirements Statewide, or project-specific? What is the role of SDAs in targeting?

- How much variation is there among the various States in Title III targeting? What factors are associated with variations in targeting among States?

- What are the dynamics of State-level targeting? Is it likely that the pattern of State-level targeting will change as the program matures?

Discussion of specific findings from the field observations in December 1983 and January 1984 should start with a general comment about the last question. Because the startup of Title III activities was slow in most States, State-level targeting is also still evolving. Generally, States did not adopt a textbook-style sequential strategy of Title III planning: starting with setting goals, followed by evaluating alternative means, and so forth. Rather, they decided about targeting, project selection, and funding mechanisms more or less simultaneously. State-level preferences concerning targeting often evolved slowly, or even lagged behind other Title III activities. Targeting goals may become more explicit as time passes and State officials learn more about the operation of Title III programs.

This evolutionary pattern may be most relevant in interpreting findings on State Title III targeting. Most States simply reiterated the targeting sections of the law in describing their State target populations. The exceptions differ primarily in emphasis. For example, an RFP issued by one State specified technological displacement and deleted references to older individuals. In one State, an explicit Statewide targeting policy is set forth in a Policy Letter specifying a priority order of target populations for awarding Title III project contracts. This priority list is as follows:

1. Individuals affected by a plant closure or mass layoff;

2. Long-term unemployed (fifteen weeks or more) older workers who have exhausted the unemployment insurance benefits or who are ineligible for such benefits; and

3. Long-term unemployed who have exhausted or are ineligible for unemployment insurance benefits, regardless of age.

A State with a relatively small unemployment problem specified fifteen weeks or more unemployment as an eligibility requirement. More typically, States first focus on other Title III implementation activities and then specify State-level eligibility requirements. Several States are now discussing more tightly targeted eligibility requirements to be introduced in the future.

Funding decisions, however, may reveal or affect State-level targeting preferences. Most States allocate Title III money by funding particular projects serving a limited geographic area and one or a few specific groups within the eligible Title III population. These are targeted project funding decisions. An interesting combination of SDA and project funding was observed in a State where 40 percent of Title III funds were allocated to the SDAs, and 25 percent was to be allocated on a project basis.

Some States explicitly targeted certain geographic areas for Title III, excluding some otherwise eligible persons living outside the targeted areas. This kind of geographic targeting, however, appears consistent with the law, which gives States responsibility for identifying groups of eligible individuals.[5] One State allocated roughly one-third of the Title III

[5]The law also appears, however, to encourage the States to rely on the PICs in identifying such groups.

funds to each of two metropolitan areas and to the old CETA BOS area. In another State, FY83 funds were geographically targeted to areas where the greatest number of dislocated workers were believed to be found. The State now has more extensive data, however, and is planning what it hopes will be a more equitable distribution of funds.

A large eastern State solicited proposals for FY83 projects Statewide, but emphases on areas with high unemployment and plant closings skewed the awards to an area with a significant pocket of dislocated workers. Almost half of the Emergency Jobs Bill allocation was formula-funded to eligible counties with unemployment rates 25 percent above the State average.[6] In this State, TY84 funds were allocated according to the relative number of unemployed persons in each county, potentially covering the whole State, but also providing geographic targeting.

Geographic targeting appears to occur primarily in medium-sized and large States with clearly identifiable pockets of dislocated workers. However, in some larger States, where the unemployment problem is most severe, the dislocated worker problem is defined as a Statewide problem as well, and no geographic targeting exists. Even in States where the Governor proposed or implemented strong geographic targeting of FY83 or EJB funds, a more even geographic dispersal of TY84 funds was observed. To a significant extent this trend results from conflicts between the Governor and State legislators, the latter advocating a more "equitable" (dispersed) geographic distribution of Title III funds, and sometimes charging that heavy targeting of Title III funds is a source of "favoritism."

---

[6]This type of targeting, which makes the receipt of funds contingent on a threshold (in this case the local unemployment rate), can be expressed as a Statewide formula, but since it allocates zero funds to certain geographic subunits, it still restricts geographic coverage.

With the implementation process still at an early stage, and because many States have put off devising targeting criteria until later, it would be difficult to generalize about the State role in targeting through project selection. In some States, Title III projects were continuations of earlier dislocated worker projects. Others allocated Title III funds on a first-come, first-served basis. In still others, soliciting of Title III project proposals is still in a relatively early stage. Only a few of the larger States, or medium-sized States that developed explicit State level target goals, appear to have made Title III project funding decisions partly or primarily based on Statewide targeting goals. In most cases explicit Statewide targeting goals played little, if any, role in Title III funding decisions. It is possible, however, that Statewide targeting priorities will play a larger role in the future. Of course, it is possible that Statewide targeting goals will be made by simply aggregating the target groups served by already established Title III projects. This has occurred in at least in one southern State, and the pattern may be more widespread.

The PICs actively selected Title III projects in some primarily medium-sized and large States. In one large State, the proposal application process relies heavily on the SDAs and on the PICs, in particular, to review all proposals for compatibility with SDA plans. Thus, because projects are generated from the "bottom up," the resulting selection reflects local targeting preferences. The degree to which local PICs influence the Title III project selection process may be a function of scale. In smaller States, especially those that receive relatively modest amounts of Title III funds and have a large number of SDAs, there is simply not enough money available for a substantial number of Title III projects. In large States, in contrast, even if elaborate State targeting exists, there is more room for decentralized

decisionmaking. However, in some of these States the PICs have not yet influenced project targeting.

Whatever role the State and PICs play in selecting Title III projects, the mix of projects does affect the composition of the participants. To some extent, this is the result of explicit eligibility requirements in a specific project. Some projects, for example, may be limited to the long-term unemployed. More important, most Title III projects are geared toward specific segments of dislocated workers. For example, the project may target workers laid off from a particular plant. Although some Title III projects are Statewide (and one multi-State project also operates), most projects are accessible only in specific areas, whether or not explicit eligibility criteria require residence in a particular area.

In sum, State-level targeting criteria are just evolving in most States. However, project-specific eligibility criteria and targeting appear to affect the population served. The State and PIC roles in Title III targeting are substantially influenced by scale factors determining the complexity of the Title III organization in the various States. While there is no hard data, yet, concerning effects of choices regarding the population served, organizational and institutional factors seem to vary the mix of dislocated workers reached by Title III activities in the various States.

4.4 Sources of Title III Matching Funds

Nineteen of the twenty States in the sample were subject to some level of non-Federal matching requirement for the

Title III formula funds they received for FY83 and TY84.[7] The infusion of relatively large amounts of Emergency Jobs Bill (EJB) funds, which were to be used for dislocated worker programs and did not require a match, presented the option of commingling these funds to reduce the required match. Surprisingly, fewer than one-fourth of the States reported using all of the funds this way, although some may have done so without mentioning the objective of "throwing all the FY83 money into one big pot." Only a few States took an explicit two-track approach to EJB and FY83 JTPA funds, funding projects or localities exclusively from one source or the other and thus subject either to no match or to the full match requirement.

Five of the nineteen States passed the responsibility for developing the Title III match directly to the subgrantees, without formally designating preferred or acceptable sources. No information was yet available at the State level concerning what sources grantees would use.

The remaining fourteen States had designated planned sources of matching funds, regardless of whether it was a State or a subgrantee responsibility. By far the most common were unemployment compensation (twelve)[8] and the State (nontuition) share of the per capita budget for the community colleges or State vocational centers which might provide Title III services (eleven). Half of these States (seven) cited the employer share of the wages under OJT contracts (see Table 6).

---

[7]Three States (Alabama, Michigan, and West Virginia) did not have to match the 75 percent Title III funds based on their unemployment rate.

[8]One State declined entirely to use unemployment compensation as part of the match, reasoning that it would be difficult to calculate individual enrollees' benefits for this purpose.

Table 6. Sources of Fiscal Year 1983 and Transition Year 1984 Title III Matching Funds Designated by the States

TOTAL	20 STATES
No match required	1
Match requirement passed to subgrantees with no State designation of sources to be used	5
Number of States with designated match sources	14

SOURCE	NUMBER OF STATES
Unemployment compensation	12
State share of budget of community colleges or vocational training centers	11
Employer share of OJT wage	7
State non-staff, in-kind	4
State general revenue, State welfare funds or State aid to local school districts	3
State staff services	3
Cash appropriation by the State	2
Private sector in-kind	2
Grantee's general operating funds	2
Private sector or foundation contributions	1
Unions	1
Severance pay	1

The next three most popular sources were from existing State expenditures: State property, in-kind (four), State staff, in-kind (three), and existing general State revenue, welfare funds, or aid to local school districts (three). Private, foundation, and union contributions and severance pay were each cited once.

Only two States appropriated State funds specifically to provide the Title III match. These provided either supplementary support services (a mental health grant) or complementary economic development activities to the Title III program, rather than funding additional enrollments.

Several States either required or gave funding preference to proposals demonstrating a match in excess of JTPA requirements. And, in at least two States, the informal RFP review process was said to have given strong preference to proposals with significant private-sector cash or in-kind matching sources.

The strong reliance on using unemployment compensation, per-capita vocational or technical school funding, and employer OJT wages as sources of matching funds may have slowed the build-up of enrollment. Some States were reportedly having difficulty recruiting enough people still receiving unemployment compensation or willing to enroll in standard one- to two-year community college or technical school curricula, and were in danger of falling short of their matching requirement. In others, a lack of on-the-job training slots threatened those projects or subgrantees that relied on this source to generate match funds. Still other States tried to generate increased matching funds while trying to serve more enrollees by subsidizing or then 50 percent less of the wages paid to participants receiving on-the-job training. This may have backfired as employers reacted to lower incentives to enter into OJT contracts.

Matching requirements in intergovernmental grants are generally used for one or more of the following reasons:

1. To encourage the recipient government to channel its own resources to the activity funded by the grant.

2. To provide leverage to increase total resources available to obtain the grantor's objectives.

3. To induce the grantee to provide more effective or efficient management of the grantor's funds, due to grantee's interest in exercising oversight of its matching funds.

4. To induce a third-party source of matching funds to take a proprietary interest in the activity, its planning, management, and objectives.

None of these objectives is served by unemployment compensation and the per-capita vocational/technical subsidy, the two most common sources of Title III matching funds.

Using the employers' share of OJT wages may serve objectives 2 and 4, but may yield a lower than expected proportion of the State's total match if the OJT subsidy is set too low to generate planned placement levels. Using other sources of non-cash match from existing State resources does not ensure that any of these objectives are met.

A few States appropriated funds for supplementary support services or complementary economic development efforts. These instances are noteworthy because the objective is clearly to make the JTPA activity more effective and not to involve more participants. These allocations increase total resources for federal objectives, and so meet the first three objectives of matching requirements. This kind of allocation is rare, however.

Finally, the employer share of OJT wages and cash matches from the private sector or unions may meet the fourth objective -- inducing a third party to take a proprietary interest in the activity. This is particularly important in view of the JTPA objective of increasing private sector participation. Of the two -- wages and "other cash" -- the latter may be a more powerful stimulus to such proprietary interests. Where States or grantees limit the total number (or dollar value) of OJT placements with a single employer, the typical wage match is small for any one employer, and miniscule as a proportion of the wage bill of sizable employers.[9]

In sum, it is unlikely that planned Title III match sources will increase expenditures on employment and training objectives or shift resources from other purposes. It remains to be seen just how the match is generated. There are scattered indications that some subgrantee applicants for Title III funds, perhaps ignorant of the other possible sources, have generated sizable cash and in-kind commitments from the private sector or foundations.

4.5 Title III Buildup

The buildup of Title III activities has been slow. Half of the FY83 and TY84 funding either has not been obligated or has been allocated to projects that had yet to enroll participants as of mid-January 1984. Of the $87,255,000 EJB and Title

[9]An exception may occur where a sizable Title III project is targeted to retrain, through OJT, one firm's current employees, who are at risk of becoming plant shutdown victims.

III formula funds available to the twenty States in FY83 and TY84 allocations:

- 4.8 percent is allocated by formula to "high impact areas" or, in one case, to the SDAs.
- 19.2 percent is committed to projects which as of mid-January had not yet enrolled participants.
- 36.8 percent is committed to projects which had begun to enroll participants.
- 0.1 percent is explicitly reserved for contingencies.
- 39.2 percent had not yet been committed.

The slow buildup was primarily due to absence of TY84 funding (39.3 percent of the total) to the States until mid-November 1983. This is almost the amount of money uncommitted at the time of this observation. In addition, during the observation period States focused on establishing Title I and IIA activities. Six of the twenty States indicated that staffing problems and Title IIA administrative problems pushed back their time tables for organizing Title III activities. In several of these States, the Title IIA implementation problems significantly slowed the certification of PICs and the designation of SDAs. And, as one Associate remarked, "The officials in the State preferred to have the SDAs in place before spending Title III funds."

The procedural requirements associated with organizing Title III projects also caused delays. Because States using this approach were required to involve the private sector, in the planning stage, there was a longer application review process and/or larger number of actors. Communications had to flow between cabinet-level agencies, down to the PICs on the SDA level, and back up to the State level before a project could be selected.

Moreover, a few State officials complained that some local decisionmakers were inexperienced and some potential grant recipients lacked technical expertise. One State official noted that 95 percent of the submitted proposals had to be returned because they failed to meet RFP specifications.

Four of the seven States operating Statewide programs also experienced delays in Title III buildup. Associates from these States report major problems trying to get operating agencies to do planning. Further, holding Title III funds at the State level lends itself to disputes over which agencies control the money. In one State, where a consortium of State agencies was created to plan and implement Title III activities, program development lagged due to significant problems associated with the allocation of funds. In another Statewide program, the State Employment Service made Title III funds available to local offices on an "as-needed" basis. The local offices showed little interest in the strategy, resulting in a complete absence of Title III services in the State. In still another State, officials found Title III ill-defined and could not develop specific target groups.

Several Associates reported that State officials attributed the absence of Title III activity to a combination of (1) a lack of time for planning between the end of CETA and the beginning of FY83; (2) the fact that Title III is a new program; and (3) the rather modest allocation for establishing a dislocated worker program.

Finally, the matching requirement for FY83 funds may have affected Title III buildup. States that did not use a cash match or pass the matching requirement on to the subgrantees were forced to rely on various in-kind matching sources, the most

common of which was unemployment insurance benefits. This strategy poses particular problems if, for example, the States had difficulty in finding participants with enough UI benefits left to provide the match. If the State match was the per-capita support of local community colleges, participants had to be willing to enroll in such programs, to be recruited.

In States reporting fast Title III buildup, Associates reported the following:

- The State refused to wait for SDA designations before allocating the funds on a project basis.
- The State allocated its Title III funds to programs already in place and operated by established service providers, such as local economic development agencies.
- The State formula funded some of its Title III funds to the SDAs.

In summary, Title III programs have developed slowly in the sample States. There are numerous reasons which vary by State. Following are the major factors thought to be associated with the slow development of programs.

- TY84 funds were allocated to the States only in November 1983.
- States focused at first on establishing Title I and IIA activities.
- Many States were unwilling to fund Title III projects when it was obvious that PIC certification and SDA designations would be delayed.
- The procedural requirements of organizing Title III on a project/RFP basis required an application review process that often is cumbersome and inherently time consuming.

- States operating Title III on a Statewide basis experienced difficulty in their attempts to get State agencies to plan for new activities.
- The competition for key roles among agencies within States operating Statewide programs significantly slowed service delivery.
- Insufficient time was available for planning a new program that provides wide discretion but has modest allocation amounts.
- Matching requirements, whether appropriated or in-kind, caused some delays.

4.6 Range of Title III Services

Section 303 of Title III authorizes a broad range of services. The States can use funds for training and employment-related services that can include, but are not limited to:

- Job search assistance, including job clubs;
- Job development;
- Training in job skills for which demand exceeds supply;
- Support services, including community assistance and financial and personal counseling;
- Pre-layoff assistance;
- Relocation assistance; and
- Programs conducted in cooperation with employers or labor organizations to provide early intervention in the event of plant closures.

If a State determines that individuals cannot obtain employment within their labor market area or if an individual has obtained a job offer in another area of the same State, funds to assist in relocation can also be provided.

In the State-level observation, the Field Associates identified 144 Title III projects for FY83 and TY84 in the twenty States in the sample. Information from each project included a description of the types of services planned or provided for these projects.[10] As expected, the latitude and flexibility provided the States in authorizing Title III services led to a broad range of services among the funded projects. Service providers established or plan to establish program components ranging from on-the-job training (OJT) and classroom training to vocational training and counseling.

The most preferred strategy for re-employing the dislocated worker is OJT, offered or planned by 47 percent of the projects in the sample States.[11] Classroom training is provided in 45 percent of the identified projects, and job search is being used by 43 percent of the projects. Counseling (29 percent), customized training (26 percent), and various kinds of support services (24 percent) are also among the services provided the dislocated worker.[12]

---

[10] Because the level of observation was the State, projects established through a formula funded arrangement to the SDAs could not be identified. Further, program descriptions, for the most part, do not reflect the relative emphasis given to a particular service.

[11] Percentages are of projects which include, or plan to include, a given service. Since most projects include more than one service, the percentages sum to more than 100 percent.

[12] Other program services identified included basic, adult, and remedial education (21 percent); outreach (19 percent); vocational education and training (17 percent); job development (14 percent); information and referral (6 percent); and relocation (4 percent). Thirty-two percent of the projects established services that do not fall into any of these categories.

While the rationale for choosing specific services varied by State and by project, the wide service range reflects variation in the needs of the particular dislocated workers targeted. It also points to the strong local influence in designing individual projects. Moreover, the fact that more than 72 percent of the projects offer either OJT or customized training reflects the economic development emphasis in many States.

As discussed earlier, many people eligible for Title III have extensive work experience in specialized occupations that are now obsolete. Retraining is therefore a vital component of any strategy designed to re-employ these workers in new occupations. Obviously OJT and classroom training -- the two most preferred treatments -- have the potential for imparting the skills needed for returning these workers to employment.

Writing a significant number of OJT and customized training contracts with several large firms may also reflect the State's desire to use Title III as a tool for economic development. Through training subsidies to new and expanding industries, the States ensure that Title III eligibles will benefit from jobs growing out of these industries. The potential criticism of this approach is that the subsidized firms may substitute Title III funds for money that would have been spent on similar training efforts without the availability of Title III.

State and local planners anticipated that many people eligible for Title III would have the work skills needed to find new employment without retraining, but would lack the necessary job search skills to locate and secure new employment. The job search strategies identified among the 144 projects are specifically designed to treat this problem. Some projects provide

intensive group and individual job search instruction. Others employ the "Job Club" model, which provides training in social skills, using the telephone to locate job leads, and role playing of job interviews. The major advantage of job search is that it can easily be implemented at a low cost for a large number of participants.

The percentage of projects offering counseling is a final indication of how special needs of dislocated workers have shaped the range of services under Title III. Counseling is viewed as a vital component because of the need to lower wage expectations of Title III recipients displaced from high-wage jobs and to help workers deal with the personal effects of unemployment. Probably more significant, service providers that provide counseling are acknowledging that Title III services are not a panacea for the problems faced by dislocated workers. In an environment of high unemployment and declining industry throughout a State or locality, retraining may have minimal impact on unemployment and offer little possibility of returning these workers to the high wages at which they once worked.

It might also be argued that the considerable flexibility granted the States in implementing Title III and deference to local service plans were both factors in creating the range of services discussed earlier. The decision by Congress to move away from the federally designed universal retraining strategies of the past was in part prompted by the recognition of the need for specific local strategies to treat specific local problems. Combine this with the latitude for service provision in Section 303 and the wide range of services observed among Title III projects is the expected result. Perhaps the best example of this service diversity is the fact that 32 percent of the Title III projects provided services in categories other than those discussed here.

In summary, the range of services indicates the broad discretion available to the State for determining Title III activities. Further, it shows strong local influence through the diversity of services provided, reflecting efforts to respond to the specific training, employment, and counseling needs of dislocated workers and local labor markets.

5. OTHER IMPLEMENTATION ISSUES

Several issues related to or potentially following from the implementation of JTPA were investigated during this phase of the study. Although it is still early in the implementation of the program, some trends and tentative conclusions can be noted from this observation. In reporting on these issues, the Associates sometimes were able to make statements of fact, but often had to be more tentative. When they could report only perceptions of officials or their assessments of the likely outcome or, at least, the direction of change, the Associates specified this.

5.1 A Preliminary View of State-Level Changes in the Employment Service

A section of JTPA changed the administrative structure of the Employment Service, in effect putting each State's Employment Service under control of the Governor. This and other changes were made as amendments to the Wagner-Peyser Act, which set up the Employment Service.

In the first (State-level) observation, one question asked about the effects of the Wagner-Peyser amendments on (1) the implementation of JTPA; (2) the role of the Employment Service (ES); and (3) the longer-term relations between the Employment Service and JTPA.

Associates' responses led to two general conclusions. First, some change is occurring in the Employment Service and how it relates to State and local (SDA) JTPA operators. However, at the time of the observation (December 1983 to January 1984), the

change was not as great as it might later be because other events captured the attention of State officials. Second, it is difficult to isolate the effects of the Wagner-Peyser amendments from the effects of the reduced funding of the Employment Service and the implementation of JTPA as a State-administered program. Employment Service changes must be examined in the context of JTPA implementation and increased State control of JTPA and the Employment Service.

Although the Wagner-Peyser Amendments were part of the Job Training Partnership Act, the need to organize Titles IIA and III of the new program in most cases took precedence over the changes authorized in the amendments. The following quote from an Associate Report indicates this general reaction.

> The reason most often given for the absence of impact is the crush of other priorities. The JTPA office and the SDAs were concerned about getting the system in place and about a host of immediate implementation issues. The Job Service connection was not and is not a priority at this time.

At the same time, some changes have taken place. An indication of this comes from the report of an Associate in another State:

> The role of ES has changed in response to the loss of positions which were previously funded by CETA. The ES has effectively used political support to attempt to maintain its role and staff. Their efforts have been rewarded on several fronts. First, the State legislature has considered a supportive resolution for ES. Second, the State JTPA regulations require that all SDAs use ES for intake and certification unless an alternative of equal quality and financial status can be shown to exist by the SDA. Third, ES has made an active attempt to market their services to SDAs across the State. Partly as an attempt to soften staff reductions, ES recognizes it is playing a service provider role under JTPA.

The Employment Service is, in varying degrees, developing its State plan in conjunction with the SDAs. This varies from a State requirement that a local Employment Service representative be included on the local PICs and that the SDAs use the Employment Service for intake and assessment functions, to the development of a "model" local plan by the State Employment Service which is "passed" by the local PIC.

As an alternate view of relations between the Employment Service and JTPA, one Associate noted that, "Interestingly, while these arrangements may appear to transfer more control to the States (from a Federal perspective), the view of some State officials is that more local control is resulting from the Wagner-Peyser amendments." This is because of the requirement of "bottom-up" development of the Employment Service State plan, in which ES must establish its local service plan in conjunction with the SDAs.

The changes have resulted from budget reductions for the Employment Service, the implementation of the JTPA, and the impact of the Wagner-Peyser amendments. They cover a wide range. In three of the twenty sample States the Employment Service was the State-level administrative unit for the CETA program and is the administrative unit operating the JTPA program in the State. In two other States, the amendments and the implementation of JTPA have had no impact on the Employment Service. Similarly, in these cases the Employment Service had no role in the implementation of JTPA. According to the Associate in one of these States, "Employment Service was not a dominant factor in CETA within the State and did not figure prominently in plans for JTPA."

In three of the States in the sample, the Employment Service and JTPA have been merged into a single agency. Two States did this in response to the budget cuts and in anticipation of JTPA; in a third, this was to occur at the beginning of the 1984 program year.

An additional three States have cooperative agreements or have rearranged departments so that the Employment Service and JTPA are equivalent agencies in the same State department. In one of these States, officials are "integrating" Employment Service and JTPA. Although no formal merger is likely, the local staffs are located in the same office, common intake forms are being developed, etc. According to the Associate in one of these States, "The State is seriously committed to integrating Employment Service and JTPA."

In the remaining nine States, the Employment Service simply provides services to the local SDAs. In these cases, the SDA is free to purchase services from the Employment Service. This is usually subject to the JTPA requirement (Sec. 141(h)) that SDAs use existing service providers unless they can show that an alternative system may be more efficient and cost effective.

Saying that the Employment Service is a service provider to the local SDAs is not the entire story, however. In two of these States, the Employment Service operated or had a large role in the CETA program and, with JTPA implementation, essentially lost its role in the program. This further reduced the staff of the Employment Service. In two other States the Employment Service made a bid for the control of, or a major role in, JTPA, only to be rebuffed. In three other of these nine cases, this arrangement meant the loss of the 7(b) ten percent

money unless ES could convince the SDAs to purchase services. From the Associate in one of these States, "It is interesting to note that both the Chairman of the SJTCC and the JTPA coordinator mentioned the 10 percent discretionary funding under Wagner-Peyser as being another potential dollar flow to be used by the Office of the Governor."

Thus, the current story concerning ES across the States varies from cases in which JTPA and the Wagner-Peyser amendments had the effect of strengthening the Employment Service, although often with more gubernatorial control, to cases in which the governors exercised their power to significantly reduce the role of ES or to force it to sell the SDAs its services in order to maintain its size and role.

5.2 Financial Liability

Under JTPA, responsibility for the appropriate use of funds, as well as the liability for any disallowed costs, is to flow with the funds from the Governor of the State to the grant recipients to the subcontractors who actually enroll the participants. Further, the Department of Labor has indicated that its administration and oversight of the operation of the program will focus on ensuring the appropriate use of funds provided under the act.

Early in the implementation of JTPA, this element seemed to cause a good bit of consternation. States, SDAs, PICs, and PIC members sought to discern what their potential liability might be for disallowed costs and to ensure against it or take other precautions to protect against or limit their liability under the law. By the time that this observation began, the

clamor seemed to have died down and it was assumed that it had become a non-issue. The November 1983 conference of the Associates, however, indicated that the issue had not died away but had been delegated by the States to the local program operators and PICs and that it remained alive at that level. This raises the question of what the States did about the issue and the response to the State's action by grant recipients and contractors.

In one-fourth of the States, the question of liability did not arise. The reasons appear to be that the State had no history of disallowed costs, State officials felt that their administration and contracting procedures were adequate and provided due care of the funds, or because the State intended to monitor the program so that it would avoid eventual disallowed costs.

In another one-fourth of the sample States, the State was absorbing the liability, except for misexpenditure by subcontractors. Two of these are single SDA States, and the State government is the grant recipient and administrative entity. In the others, the program is operated by the State Employment Service, or SDAs are required to use the Employment Service for intake, eligibility, and certification, on the theory that 90 percent of the disallowed costs under CETA involved the enrollment of ineligible individuals. This essentially shifts the liability for disallowed costs to the State government. According to the Associate in one State:

> The liability issue does seem to have encouraged SDAs to use the Employment Service for intake and certification. In fact, unless an SDA could show that an alternative system of equal quality could be provided which could also be held liable for disallowed costs, SDAs were required to subcontract with ES for intake, certification, and eligibility.

In a Midwestern State the Associate wrote:

> The liability issue is still a major one. There is great awareness of the issue and it had a direct impact on the selection of the State Department of Labor to administer JTPA programs in most of the State. The State told all PICs that if the Department of Labor was selected to administer JTPA then the State would assume all financial liability.

The other half of the States took the position that the responsibility for disallowed cost rested with the grant recipients and subcontractors. From the report of the Associate in one State: "It has been made clear to the SDAs that SDAs and their subcontractors will be held liable for disallowed expenditures." However, the Associate also noted that the remaining issues of the "chain of liability" back to the State and the "ultimate liability" had not yet been tested or resolved.

The issue of potential liability affected programmatic decisions in a number of ways. The use of the Employment Service for intake and determining eligibility has already been mentioned. In other cases the issue affected local arrangements and the selection of grant recipients and relations with local government. According to the Associate in one State:

> The primary impact of the liability issue on the shape of the program appears to be to force a partnership between the PICs and local elected officials. The State Department of Labor required taxing authority, real assets, or error and omissions insurance for designation as a grant recipient. This had the effect of forcing the PICs to decide whether to incorporate to acquire sole control (and risk) or whether to share authority with the local elected officials. In general, the latter was elected, so the local elected official is financially accountable.

The most extreme case is one in which "each grant recipient is being required to establish a fund (which may take the form of pledges from PIC members) equivalent to one-half of one percent of the total grant amount, to be applied to any expenditures which might be disallowed."

The potential liability for disallowed expenditures under JTPA has had a number of subtle effects on the implementation of the program. On the one hand, assumption of the liability or procedures for making the State liable for disallowed costs (for example, through the use of Employment Service for intake and eligibility) is another way of directly or indirectly increasing State control over the program. Where the State has not chosen to shoulder the liability for the program, the issue has affected the selection of grant recipients at the local level, and their relations with local government. Finally, it has affected, to some degree, the selection of contractors for program operations. According to the Associate in one State commenting on contracting procedures at the SDA level, "The city 'gives points' in its competition for contracts to agencies with strong fiscal capability, administrative skills, and previous experience in training programs."

5.3 The Role of Community-Based Organizations in JTPA

It appears that community-based organizations will play a smaller role in JTPA than under CETA. While this discussion is more tentative than some other conclusions, it is one that, we think, will be validated when local data are available.

There are several reasons for this conclusion. First, most community-based organizations are more service providers than training organizations. They were much more involved under

the public service employment titles of CETA than in the training programs. They were also used as adult and youth work experience sites. With the elimination of public service employment as an allowable activity and limitations on using funds for work experience, their role is likely to diminish.

However, even as training subcontractors, it is likely that the role of CBOs will be reduced under JTPA. One reason for this follows from the discussion of liability. If the liability for disallowed expenditures must be repaid from non-JTPA sources, then community-based organizations, with limited revenues from other sources, are less likely to be chosen as training subcontractors. The Associate in one State noted that "there is a good evidence in this State to suggest that community-based organizations that have questionable financial practices will simply not be eligible for this program." Established training organizations with a decade of experience as subcontractors are, however, not likely to be affected.

A related difficulty occurs in the case of Title III programs. Here there is the additional requirement of matching the formula-funded part of Title III. Again, for organizations without other major funding sources, satisfying the matching requirement may be a problem. In one State, Title III projects were, in part, evaluated on the basis of the amount of match that was proposed for each project. In another State, only local nonprofit agencies were used that were affiliated with the United Way. The presumption seemed to be that these agencies would have other nonfederal sources of funds in the event of any disallowed costs. In the words of one Associate:

> CBOs are operating, but they do not operate at the same level as under CETA because of their inability to provide matching funds and because of reductions in their funds generally. The State takes the view that liability goes with the funds.

Another reason for a reduced role for the community-based organizations is the performance-standards and the consequent use of performance based contracting. First, the use of these contracts involves the risk of nonpayment if the contracted performance standards are not met, and many community-based organizations do not have the finances to accept this risk. Second, these contracts typically only make periodic or end-of-contract payments rather than reimbursing for incurred costs. This means that the organization operating under such a contract must be able to pay its bills until the contract payments are made. For community-based organizations with limited financial resources, this may also present a problem. According to the Associate in one State:

> CBOs will be handled in this State with performance-based contracts. There is an effort currently to develop a partial payment scheme if intermediate indicators under the performance-based contracts are being met. If the contract is monitored carefully enough, the risk of advancing funds that will become unauthorized expenditures can be held to an acceptable minimum by the local government.

A final element, one difficult to quantify, is the shift to the private sector and consequent reluctance of PICs to use CBOs. Private sector representatives are not familiar with nonprofit organizations and are leery of dealing with them. Further, community-based organizations are identified with CETA, which may reduce their use under JTPA. One PIC member commented that "one of the purposes of JTPA was to get rid of them"; another said that the matching requirement was an "easy way to turn down" groups that were always asking for money. In one State, the State requirement that PICs include two members representing community-based organizations was opposed by them. As

reported by the Associate, a State administrator indicated that "the PICs are afraid of being 'mau-maued' by the community-based organizations."

In summary, the role for community-based organizations can range widely. In some places they will operate the JTPA program; in other places in which they were not players under CETA, they will not be players under JTPA. However, there are indications that they will, in general, play a smaller role in JTPA than they did in CETA.

5.4 Implementation Problems

One section of the report form asked about actual or potential implementation problems with a significant impact on the JTPA program in the State.

Most often mentioned (six States) was the need to settle the relative roles of the various players in the JTPA system. Frequently the need was to determine the role of the State or the SJTCC relative to the SDAs and PICs. For example, from the report of one Associate, the problem is "carving out a real role for the state without becoming a 'Big Brother'" to the SDAs. Other comments indicated that, from the perspective of the SDAs, the State had replaced the Federal regional office, publishing regulations that limited the autonomy of the SDAs.

In other cases there was a need to establish the relationship between the SJTCC and the Department operating the program in the State, or between the PIC and the agency staffing the PIC. Essentially, this meant recognizing the boundary between

policy making and day-to-day administration of the program. This suggests that the relative roles of these "partners" are still in flux.

Another potential problem area, alluded to earlier, is treatment of hard-to-serve groups, such as the most disadvantaged in the labor market, out-of-school youths and the handicapped. Associates in five States indicated that this might be a future source of problems. It is too early to tell whether the limits on stipends and support services and performance standards will outweigh the availability of set-aside money for programs that enroll "hard to serve" groups. However, most of the set-aside money is being used for technical assistance. Moreover, little guidance is being given to localities on how to handle the provision allowing 10 percent of the participants to be non-disadvantaged. This suggests that serving certain groups may be perceived as a problem by local program operators. From tne report of the Associate in one of these States:

> One additional issue is the extent to which JTPA is going to hit the really hard-core disadvantaged. There appears to be nothing here for this group: Title IIA lacks the necessary services; and Title III aims for the worker who presumably had a good job.

This issue must be examined at the SDA level before what is said will be anything more than speculation.

DOL Guidance

One-fourth of the sample States saw the lack of DOL guidance and information as a continuing implementation issue. For example, States that were concerned about the liability issue worried that they had not received any guidance on allowable

sources for matching the formula-funded part of Title III. Others indicated that the difference between the planning figures that they were given and their eventual actual allocation seriously set back implementation. Many were forced to replan their programs or to scale back or reselect projects under Title III.

According to the Associate from one State:

> The only additional implementation issue has been the role of the Department of Labor. Thus far the DOL has been virtually invisible in this State. The concern is that the DOL is not providing much information on JTPA. Specifically, the State does not have a planning estimate for 1984-85, does not know if there will be allowance for carryovers, or if hold harmless will apply.

State and local actors are ambivalent about the Federal government. In the past, these same groups complained about Federal regulation. The Associate from one State noted:

> State and local employment and training personnel have been very frustrated with the lack of guidance and apparent unwillingness of DOL to offer written (or oral) clarifications of the regulations. The expectation that DOL <u>should</u> offer such direction is undoubtedly a carryover from CETA days. One official admitted that "getting rid of our CETA mindset has been one of the most difficult tasks under JTPA."

There appear to be three aspects of this issue. One is the issuance of regulations, another is the need for information, and the third is whether the State is in a position to decide the particular issue.

Management Information Systems

Four States indicated that the design and operation of their management information system was a current or potential implementation issue since it might prevent them from monitoring their program operations and tracking program finances. Some of these cases were new systems. According to one Associate, "The new MIS system has yet to produce a printout. It will be a long time before they have useful participant and finance data." This, despite the fact that the State is now in the planning phase for PY 1984.

In other cases, the State had assumed the MIS function with the SDAs sending their forms to the State. However, the State computer system is inadequate for producing anything other than fixed-format input and output of summary reports. According to the Associate, "The SDAs' dependence on centralized MIS systems will result in conflict over data access, control and request priorities, and will ultimately mean maintaining duplicate systems."

APPENDIX

PROCESS EVALUATION OF THE IMPLEMENTATION
OF THE JOB TRAINING PARTNERSHIP ACT

Phase I. Field Research Report

Due: January 16, 1984

Associate:_____

State: _____

Please send one copy of this report to:

Dr. Robert F. Cook
Westat, Inc.
1650 Research Boulevard
Rockville, Maryland 20850

You should also retain a copy for yourself.

Note: In order to facilitate the analysis, your report should be made on this report form. Wherever necessary, you should insert continuation sheets in the report form. A supply of continuation sheets is appended to the report form. Please make additional copies if you need them.

Introduction to the Report Form

The general purpose of the two-year study is to identify and assess the major organizational, administrative and operational processes and problems relating to implementation of Titles I, IIA, and III of the Job Training Partnership Act (JTPA). Key JTPA elements (more State control, changed Federal role, private sector partnership, focus on training, closer coordination between employment and training service deliverers, a new dislocated worker program) and selected JTPA issues have been summarized in the Draft Project Summary mailed to you earlier.

This Report Form covers State-level observations in Phase 1 of the study. The observations serve various goals. The prime objective is to identify major variations in JTPA organizational patterns as implemented in the various States. This information will serve as a basis for the design of Phases 2 and 3 that will include SDA and Title III project level observations on the delivery, performance, and outcomes of JTPA. The second is the relationship between State and sub-State level activities in the implementation of Titles IIA and, particularly, III. The discussion of implementation issues surrounding the establishment of JTPA will also provide early feedback to policymakers.

The Report Form has four sections:

Part I	Overall State Organization;
Part II	Title IIA Implementation;
Part III	Title III Implementation; and
Part IV	Implementation Issues and Emerging Outcomes.

Parts I, II, and III contain the basic description of the JTPA organization within the State. Part I deals with overall organizational and administrative (Title I) issues, including the organizational relationship between the Title IIA and Title III delivery systems as well as interpretation of the roles of the various actors. Parts II and III discuss organizational issues specific to Title IIA (the training title) and Title III (services to dislocated workers), respectively. The stress in these two sections is on objective, descriptive information. Part IV is more analytic and interpretative in nature, as well as more open-ended in the anticipation of issues specific to the various States and of other important questions as yet unidentified. It is important for us to know which implementation issues are most important in your State. Such information will be utilized in summarizing the major current policy issues, as well as in planning Phases 2 and 3.

In previous studies, the kind and type of information being collected for reporting purposes was known and we could anticipate the information available at the State and local level in the design of the Report Form. Under JTPA, the Federal reporting requirements are minimal and the intrastate reporting requirements are left to the States. Therefore, we would appreciate it if you would append copies of any forms used for MIS or reporting in the States so that we might develop a lowest common denominator data reporting format for Phases 2 and 3.

Please complete your report on this Report Form. When it is completed, make a copy for yourself and send the original, by January 16, 1984 to:

Robert F. Cook
Westat, Inc.
1650 Research Boulevard
Rockville, Maryland 20850

If you have any questions, please call me, Cilla Reesman, or Kalman Rupp at (800) 638-8985 or (301) 251-1500. If you are on the west coast, call Lane Rawlins at (509) 335-5581.

The following table summarizes the time period corresponding to the various abbreviated FY and PY designations. Please make sure that your use of them corresponds to this schedule.

FY83	Oct. 1, 1982 - Sept. 30, 1983
Transition year	Oct. 1, 1983 - June 30, 1984
PY84	July 1, 1984 - June 30, 1985
PY85	July 1, 1985 - June 30, 1986

A further complication is that appropriations still follow the fiscal year schedule. For example, funds for PY84 and PY85 were included in the FY84 (Oct. 1, 1983 - Sept. 30, 1984) budget.

As a final note, for a number of reasons that relate to protection from legal and other problems for you, us, your jurisdiction, and the people you talk to, your report should be considered confidential to the study. Any inquiries regarding your analysis should be referred to Westat. You may assure the people you talk to that no views or assessments that are given to you or reported to us will be identified with any specific jurisdiction or individual and no administrative (e.g., compliance or audit) use will be made of your report. This should not be interpreted as preventing you from expressing your opinion as an individual or from providing feedback to people you interview in the course of the study.

Bob Cook
Project Director

Associate _____

State _____

Part I. State Organization of JTPA

The JTPA lodges responsibility for the provision of employment and training services with the Governor of the State. Title IIA training services for the economically disadvantaged are funded by formula to State-approved local Service Delivery Areas (SDAs) that cover the entire geography of the State. Dislocated worker (Title III) money may be distributed on whatever basis (formula to the SDA, competitive contract or specific industry or geographical project basis) to serve whatever geographic area or eligible population the Governor wishes.

1. Please describe the formal organizational relationships of the office responsible for the administration of JTPA in the State. Where does the agency stand in the formal State organization relative to the Governor, the legislature (an organization chart would be helpful)? How does this agency relate administratively to the SDA and Title III projects? It may be that separate organizational relationships exist for the two titles.

Associate _____

State _____

The focus of the next three questions is the actual (as opposed to nominal) role of various actors in the implementation of JTPA. We would like to assess the influence of the various players in shaping specific decisions concerning the overall JTPA organizational and institutional structure in the State, as well as in the implementation of Titles IIA and III. We are interested in describing what the new "partnership" is, and the importance of the respective players.

2. Please identify the key actors and their roles, interests, goals, in the implementation of JTPA, such as the Governor's Office, E.S., PICs, old CETA primes, SJTCC, LEOs, State education agencies, private sector representatives, other agencies or programs in the State.

Associate _____

State _____

3. Describe the role of these various actors in specific key decision processes, with particular attention to conflicts and why these arose, and how they were resolved. For example: What was the role of these various actors in the designation of SDAs? In the determination of Title III allocation decisions? In the development of funding formulas (within-State allocation mechanisms for Title II and/or III), the use of set-asides? Please discuss these, and perhaps other, decision processes as case-studies indicating the role and influence of the various parties.

Associate _____

State_____

4. A major tenet of JTPA is the role of the private sector in "partnership" with the Federal government, the Governor of the State, and local government officials. Please characterize the private sector representation at various levels. Where do private sector representatives fit into this organization and what part did they play in the shaping of the JTPA program? Where do the State Job Training Coordinating Council (SJTCC) and the Private Industry Councils (PICs) fit into the organizational arrangements and what part did they play in the process? In essence, what part is the private sector playing in the new program? (At the conference, we defined "partnership" as an equal role).

Associate _____

State _____

Part II. Title IIA Implementation

The implementation of Title IIA within the States raises a number of organizational and institutional issues. The focus of this section is the relationship between the State and sub-State (SDA) organizations as well as variations among the SDAs, and their relationship with the State level JTPA organization. An important aspect of this organization is the institutional environment of SDAs as manifest in laws, regulations, and incentives designed at the State level.

1. We have provided a preliminary list of SDAs in your State (as provided to us by DOL). In column A of Table II-1, please indicate the name of each SDA in your State. (Do not list all of the SDA's constituent areas.) In column B, please verify the accuracy of the constituent jurisdictions in the SDA as from the preliminary list. If the list is incorrect, use column B to correct the list or attach a correct list. If the list is correct, please note that.

In column C, please indicate (using the following codes) whether the SDA is:

(1) Geographically identical to a previously operating (FY83) CETA prime sponsor;

(2) Geographically identical to a functioning CETA administrative unit in a previous (FY83) Balance of State area; or

(3) Any other geopolitical configuration.

In Column D, please indicate the Transition Year Title IIA allocation from the State (excluding any FY83 CETA carryover). In columns E and F, please identify the designated grant recipient(s) and the administrative entities by name.

Associate _____

State _____

Table II-1. SDA Information Sheet

Name of SDA A	Is SDA correct? If no, explain B	SDA Configuration (Code 1, 2, or 3 as described on page 5) C	Transition Year 84* Title IIA Allocation D	Designated Grant Recipient E	Administrative Entity(ies) F

Associate _____

State _____

Table II-1. SDA Information Sheet

Name of SDA A	Is SDA correct? If no, explain B	SDA Configuration (Code 1, 2, or 3 as described on page 5) C	Transition Year 84* Title IIA Allocation D	Designated Grant Recipient E	Administrative Entity(ies) F
169 SDA(s) not covered on the list provided					170

*October 1, 1983 to June 30, 1984

(Please number and attach additional continuation sheets: 6-3, 6-4, etc.)

Associate _____

State _____

Table II-1. SDA Information Sheet

Name of SDA A	Is SDA correct? If no, explain B	SDA Configuration (Code 1, 2, or 3 as described on page 5) C	Transition Year 84* Title IIA Allocation D	Designated Grant Recipient E	Administrative Entity(ies) F
SDA(s) not covered on the list provided					

*October 1, 1983 to June 30, 1984

(Please number and attach additional continuation sheets: 6-3, 6-4, etc.)

Associate _____

State_____

2. Please discuss why the organization of SDAs is what it is. Include similarities or differences from the old CETA prime sponsor network, etc. How were these decisions made? In particular, explain the development of any SDA you have coded (3) in column C in Table II-1. Are there any PICs that cover more than one SDA? If so, please elaborate. How does the organization of the PICs differ from the old PIC system under CETA? What is the general procedure for naming Grant Recipients and the Administrative Entities in the various SDAs? In cases where there is more than one Grant Recipient and/or more than one Administrative Entity, how did this come about?

Associate _____

State _____

3. Were any changes in State laws or regulations associated with the implementation of Titles I and IIA of JTPA? Is there any current legislative or regulatory activity associated with the implementation or interpretation of JTPA in your State? If so, please discuss.

4. How is the State using its Title IIA set-asides in the transition year? They are: A) Eight percent of the Title IIA money set aside for coordination with local education agencies or State vocational education programs; B) Three percent set aside for older worker programs; C) Six percent set aside for programs that exceed performance standards or that have programs for hard-to-serve groups; and D) Five percent set aside for State administration. Are any of these being supplemented with funds from other sources?

Associate _____

State_____

5. What Title IIA target populations and eligible groups have been developed and identified? Did the Governor or legislature add specific requirements or targeting preferences to the national eligibility criteria in specifying eligible groups? How is the State handling the option to serve up to 10 percent of participants who are not currently economically disadvantaged but face "significant barriers to employment"? Has the State taken any action affecting the 40 percent expenditure requirement for youth? Is "creaming" perceived as an issue by the various actors? If so, is it the result of preferences by influential actors or of institutional forces (e.g., performance standards, allocation mechanisms, use of set-asides, contracting procedures, lack of stipends, etc.)?

Associate _____

State_____

6. Has the State established, or is it in the process of establishing, Title IIA performance standards for the SDAs for the Transition Year? For PY84? Are these different from those specified by DOL? Did the Governor make adjustments to the Secretary's model (see background discussion of performance standards) to account for mitigating circumstances? Has the State developed other performance standards beyond those suggested by DOL? Please discuss performance standards for the Transition Year and for PY84 separately.

Associate _____

State_____

Part III. Title III Implementation

For purposes of this section, a project may be identified as a sub-State level recipient of Title III funds other than formula funding to SDAs. A project entity is the immediate recipient of Title III funds allocated by the Governor. We note here that SDAs, like any other entities (e.g., community colleges, unions, existing training programs, CBOs) may receive Title III funds at the discretion of the Governor, and thereby, may qualify under our definition of project funding. Title III activities funded from grants formula-allocated to SDAs are not covered by our notion of a Title III project. "Projects" are not necessarily the ultimate service delivery agents.

1. On Table III-1 (Project Information Sheet), please list all Title III projects for which contracts involving FY83 or Transition Year money have been signed. Indicate the project name in column A. Columns B and C should indicate the amount of FY83 and Transition Year funds (if any), respectively. In column D, please provide a short description of the project including organizational arrangements, program operator, location, eligibility criteria (e.g., age, occupation, employer, high school completion, etc.), number of participants, and services provided (i.e., counseling, job search, training, relocation). In column E, please indicate the code for the current operational status of the project.

1. Start-up, no participants.
2. Operating.
3. Completed.
4. Other (please specify).
5. Unknown

NOTE: The conference discussion indicated that we have used the definition of projects to define funds that are not formula funded to the SDA. The reason is that to define the Phase 2 sample (e.g., relative numbers of SDAs and projects) we need to know 1) how much Title III money was spent and 2) what proportion was put into projects or, alternately, the proportion formula funded to the SDAs.

Associate _____

State _____

Table III-1. Title III Project Information Sheet

(A) Project Name	Number of Planned Participants	(B) Total Amount of FY83 JTPA and EJB Money	(C) Total Amount of Transition Year JTPA Money*	(D) Program Description	(E) Operational Status

Associate _____

State _____

Table III-1. Title III Project Information Sheet

(A) Project Name	Number of Planned Participants	(B) Total Amount of FY83 JTPA and EJB Money	(C) Total Amount of Transition Year JTPA Money*	(D) Program Description	(E) Operational Status
100					101

*October 1, 1983 to June 30, 1984

(Please number and attach additional continuation sheets: 12-3, 12-4, etc.)

Associate _____

State _____

2. What were the decisions regarding funding under Title III? What proportion was formula funded to the SDAs? Please describe the within-State funding formula and the procedures for funding projects. Describe the treatment of the different funding sources for Title III (basic Title III funding, Emergency Jobs Bill money, State matching, Secretary's discretionary, and any other sources of funding). What are the sources of the State matching requirement for the Title III monies formula funded to the States?

Associate _____

State_____

3. What did the State determine to be the eligible population served by Title III? Are projects selected as a result of State-level targeting, or the other way around? Are eligibility requirements project-specific or State-wide? Are there specific requirements with regard to industry, occupation, age, or geography?

Associate _____

State _____

In questions 4, 5, and 6, please comment on each of the following to the extent that they are Title III issues in your State.

4. Role in Title III played by: the private sector or private sector representatives, community colleges, unions, previous training organizations under CETA such as skills centers, CBOs, etc.

5. What has been the speed of the buildup of Title III activities? Did the State fully expend its FY83 Title III monies? Is there significant carryover into the Transition Year? What were the major obstacles to the buildup of Title III activities in FY83? Do they persist in the Transition Year?

6. Were performance standards for State-wide Title III programs established? For the Transition Year, did they affect the selection of Title III projects and of formula funded Title III service providers? What about PY84? What is the relationship between performance standards and performance-based contracting?

Associate _____

State_____

Part IV. Implementation Issues and Assessment of Emerging Outcomes

As part of an implementation study, this initial observation is, of necessity, somewhat tentative. Issues that were raised early may have turned out not to be a problem and, conversely, other issues may now be emerging that we had not anticipated or that may be important for our planning of Phases 2 and 3. If you become aware of any such issues in the conduct of your research, please pass them on to us.

Please note that in this section we are interested in both implementation decisions and the issues surrounding them. However, it is likely that final outcomes are not yet observable. Therefore, in each case, please distinguish among the following types of information: factual evidence of events; perceptions of various parties involved; and, your assessment of likely outcomes.

1. JTPA a) bans the use of public service employment (PSE) and allows work experience only for a limited time for certain youth, and b) limits the use of stipends to participants in training programs. What effect has this had on the selection of participants, the kinds of training provided, etc.?

Associate _____

State_____

2. Support services provided to participants are counted in the 30 percent limit on non-training costs and are, it is reasoned, likely to be limited. It is argued that this will affect participation by certain individuals and shift the emphasis of the program toward short-term program activities such as job counseling and job search clubs. The alternative argument is that other sources will be found. Are there any indications at this point of how this will work out in your State?

3. Financial responsibility (and therefore, accountability) is said to "flow with the funds" to SDAs and subcontractors. Governors, LEOs, and PICs are concerned that, in the case of subcontractors with limited financial backing, (e.g., CBOs) they might be left held liable for any disallowed expenditures that could not be recouped from subcontractors. What effect does the liability issue have on the shape of the program (e.g., position of CBOs in program)?

Associate _____

State_____

4. A background paper was distributed that outlined amendments to Wagner-Peyser to provide more State control of the Employment Service (ES), improve efficiency, and increase ES involvement in JTPA. What effects are these amendments having on: 1) the implementation of JTPA; 2) the role of ES; and, 3) the longer term relations between ES and JTPA?

5. Have there been any conflicts between JTPA and State laws or regulations that have hindered implementation or constrained the shape of the program?

Associate _____

State _____

6. JTPA presumes certain structural changes will take place in the employment and training system relative to CETA. (For example, a larger role for the State, more private sector involvement, more training, greater emphasis on youth and AFDC recipients, etc.). What changes appear to have taken place?

7. The State (Governor) was given considerable latitude in the implementation of JTPA. Please comment on the way in which choices made by the Governor influenced the implementation of the program.

Associate _____

State_____

8. Are there any significant implementation problems that we have not anticipated that were, are, or are likely to be, important in your State? Please discuss.

PHASE 1 REPORT FORM

Continuation Page

Associate _____

State _____

Question _____